

BANK BRADESCO  
Form 6-K  
September 02, 2016

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the month of August, 2016  
Commission File Number 1-15250**

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**BANCO BRADESCO S.A.**  
(Exact name of registrant as specified in its charter)

**BANK BRADESCO**  
(Translation of Registrant's name into English)

**Cidade de Deus, s/n, Vila Yara  
06029-900 - Osasco - SP  
Federative Republic of Brazil**  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of  
1934.

Yes  No

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on June 30** -in thousands of Reais

<b>Assets</b>	<b>2016</b>	<b>2015</b>
<b>Current assets</b>	<b>513,690,529</b>	<b>502,523,672</b>
<b>Cash and due from banks (Note 4)</b>	<b>32,273,678</b>	<b>11,509,470</b>
<b>Interbank investments (Notes 3d and 5)</b>	<b>138,410,386</b>	<b>175,733,034</b>
Securities purchased under agreements to resell	131,485,783	171,328,788
Interbank investments	6,935,913	4,423,388
Allowance for losses	(11,310)	(19,142)
<b>Securities and derivative financial instruments (Notes 3e, 3f and 6)</b>	<b>82,007,067</b>	<b>55,919,999</b>
Own portfolio	37,076,247	31,078,844
Subject to unrestricted repurchase agreements	11,528,071	14,104,427
Derivative financial instruments (Notes 3f and 6d II)	21,907,004	6,195,652
Given in guarantee to the Brazilian Central Bank	64,738	20,096
Given in guarantee	8,196,374	4,520,980
Subject to unrestricted repurchase agreements	3,234,633	-
<b>Interbank accounts</b>	<b>49,278,025</b>	<b>50,083,694</b>
Unsettled payments and receipts	1,044,852	1,074,734
Reserve requirement (Note 7):		
- Reserve requirement - Brazilian Central Bank	48,164,352	48,913,046
- SFH	5,046	8,828
Correspondent banks	63,775	87,086
<b>Interdepartmental accounts</b>	<b>102,653</b>	<b>167,646</b>
Internal transfer of funds	102,653	167,646
<b>Loans (Notes 3g and 8)</b>	<b>125,438,364</b>	<b>144,305,268</b>
Loans:		
- Public sector	235,771	2,936,020
- Private sector	144,068,217	156,489,283
Loans transferred under an assignment with recourse	751,501	132,808
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(19,617,125)	(15,252,843)
<b>Leasing (Notes 3g and 8)</b>	<b>(19,679)</b>	<b>(77,181)</b>
Lease and Sublease Operations receivable:		
- Private sector	1,182,374	1,622,983
Unearned income from leasing	(1,092,329)	(1,562,597)
Allowance for leasing losses (Notes 3g, 8f, 8g and 8h)	(109,724)	(137,567)
<b>Other receivables</b>	<b>83,830,218</b>	<b>62,811,434</b>
Receivables on sureties and guarantees honored (Note 8a-3)	140,621	59,143
Foreign exchange portfolio (Note 9a)	33,575,617	16,245,509
Receivables	9,876,773	6,563,772
Securities trading	1,630,042	822,730
Specific receivables	7,807	5,623
Sundry (Note 9b)	39,782,857	39,970,500

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Allowance for other loan losses (Notes 3g, 8f, 8g and 8h)	(1,183,499)	(855,843)
<b>Other assets (Note 10)</b>	<b>2,369,817</b>	<b>2,070,308</b>
Other assets	2,367,321	1,775,744
Provision for losses	(939,109)	(708,946)
Prepaid expenses (Notes 3i and 10b)	941,605	1,003,510
<b>Long-term receivables</b>	<b>316,535,941</b>	<b>290,096,565</b>
<b>Interbank investments (Notes 3d and 5)</b>	<b>295,645</b>	<b>526,925</b>
Interbank investments	295,645	526,925
<b>Securities and derivative financial instruments (Notes 3e, 3f and 6)</b>	<b>109,007,627</b>	<b>93,730,645</b>
Own portfolio	81,471,617	62,740,963
Subject to unrestricted repurchase agreements	22,303,905	27,230,099
Derivative financial instruments (Notes 3f and 6d II)	79,199	826,204
Privatization rights	50,565	55,667
Given in guarantee	3,615,291	2,555,115
Subject to unrestricted repurchase agreements	1,487,050	322,597

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on June 30** *-in thousands of Reais*

<b>Assets</b>	<b>2016</b>	<b>2015</b>
<b>Interbank accounts</b>	<b>715,319</b>	<b>626,090</b>
Reserve requirement (Note 7):		
- SFH	715,319	626,090
<b>Loans (Notes 3g and 8)</b>	<b>152,387,985</b>	<b>156,053,261</b>
Loans:		
- Public sector	3,000,000	3,002,840
- Private sector	151,105,631	152,910,506
Loans transferred under an assignment with recourse	7,312,944	7,073,084
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(9,030,590)	(6,933,169)
<b>Leasing (Notes 3g and 8)</b>	<b>(60,255)</b>	<b>(84,013)</b>
Leasing receivables:		
- Private sector	1,128,429	1,824,488
Unearned income from leasing	(1,127,930)	(1,822,840)
Allowance for leasing losses (Notes 3g, 8f, 8g and 8h)	(60,754)	(85,661)
<b>Other receivables</b>	<b>53,179,651</b>	<b>38,529,595</b>
Securities trading	659,808	419,437
Sundry (Note 9b)	52,536,266	38,134,236
Allowance for other loan losses (Notes 3g, 8f, 8g and 8h)	(16,423)	(24,078)
<b>Other assets (Note 10)</b>	<b>1,009,969</b>	<b>714,062</b>
Prepaid expenses (Notes 3i and 10b)	1,009,969	714,062
<b>Permanent assets</b>	<b>49,778,908</b>	<b>52,148,877</b>
<b>Investments (Notes 3j and 11)</b>	<b>32,372,436</b>	<b>33,024,130</b>
Equity in the earnings (losses) of unconsolidated companies:		
- In Brazil	32,029,577	32,709,517
- Overseas	289,950	262,682
Other investments	177,745	195,545
Allowance for losses	(124,836)	(143,614)
<b>Premises and equipment (Notes 3k and 12)</b>	<b>3,343,768</b>	<b>2,896,521</b>
Premises	44,871	44,535
Other premises and equipment	8,104,135	7,461,126
Accumulated depreciation	(4,805,238)	(4,609,140)
<b>Leased assets (Note 12)</b>	<b>5,019,261</b>	<b>6,971,207</b>
Leased assets	7,877,802	10,785,477
Accumulated depreciation	(2,858,541)	(3,814,270)
<b>Deferred (Notes 3l and 13)</b>	<b>14,992</b>	<b>49,431</b>
Expenses with Organization and Expansion	1,492,067	1,731,053
Accumulated amortization	(1,477,075)	(1,681,622)
<b>Intangible assets (Notes 3m and 14)</b>	<b>9,028,451</b>	<b>9,207,588</b>
Intangible Assets	16,425,393	15,174,943
Accumulated amortization	(7,396,942)	(5,967,355)
<b>Total</b>	<b>880,005,378</b>	<b>844,769,114</b>



The accompanying Notes are an integral part of these Consolidated Financial Statements.

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on June 30** -In thousands of Reais

<b>Liabilities</b>	<b>2016</b>	<b>2015</b>
<b>Current liabilities</b>	<b>538,306,156</b>	<b>554,260,814</b>
<b>Deposits (Notes 3o and 15a)</b>	<b>137,599,345</b>	<b>156,533,864</b>
Demand deposits	23,612,306	26,369,826
Savings deposits	87,209,226	91,008,482
Interbank deposits	512,837	518,527
Time deposits (Note 15a)	26,264,976	38,637,029
<b>Securities sold under agreements to repurchase (Notes 3o and 15b)</b>	<b>201,215,106</b>	<b>252,409,551</b>
Own portfolio	79,351,701	94,476,502
Third-party portfolio	117,213,232	155,869,230
Unrestricted portfolio	4,650,173	2,063,819
<b>Funds from issuance of securities (Note 15c)</b>	<b>69,885,771</b>	<b>44,634,746</b>
Mortgage and real estate notes, letters of credit and others	65,912,036	40,552,530
Securities issued overseas	3,617,986	3,830,280
Structured Operations Certificates	355,749	251,936
<b>Interbank accounts</b>	<b>1,283,234</b>	<b>1,263,042</b>
Unsettled payments and receipts	73,835	77,608
Correspondent banks	1,209,399	1,185,434
<b>Interdepartmental accounts</b>	<b>3,629,539</b>	<b>3,392,800</b>
Third-party funds in transit	3,629,539	3,392,800
<b>Borrowing (Note 16a)</b>	<b>19,113,335</b>	<b>18,582,527</b>
Borrowing overseas	19,113,335	18,582,527
<b>On-lending in Brazil - official institutions (Note 16b)</b>	<b>10,104,784</b>	<b>13,155,180</b>
National treasury	44,438	30,931
BNDES	2,684,048	4,543,794
FINAME	7,373,289	8,567,451
Other institutions	3,009	13,004
<b>On-lending overseas (Note 16b)</b>	<b>1,250</b>	<b>3,738</b>
On-lending overseas	1,250	3,738
<b>Derivative financial instruments (Notes 3f and 6d II)</b>	<b>17,770,588</b>	<b>5,456,372</b>
Derivative financial instruments	17,770,588	5,456,372
<b>Other liabilities</b>	<b>77,703,204</b>	<b>58,828,994</b>
Payment of taxes and other contributions	3,331,097	3,323,685
Foreign exchange portfolio (Note 9a)	25,425,824	8,142,031
Social and statutory	2,725,986	2,720,099
Tax and social security (Note 19a)	2,477,841	3,780,230
Securities trading	2,534,221	2,103,983
Financial and development funds	1,277	1,512
Subordinated debts (Note 18)	4,417,921	2,345,301
Sundry (Note 19b)	36,789,037	36,412,153
<b>Long-term liabilities</b>	<b>244,845,247</b>	<b>203,149,882</b>
<b>Deposits (Notes 3o and 15a)</b>	<b>42,525,409</b>	<b>40,601,084</b>

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Interbank deposits	-	212,502
Time deposits (Note 15a)	42,525,409	40,388,582
<b>Securities sold under agreements to repurchase (Notes 3o and 15b)</b>	<b>43,177,570</b>	<b>18,062,442</b>
Own portfolio	43,177,570	18,062,442
<b>Funds from issuance of securities (Note 15c)</b>	<b>51,285,445</b>	<b>54,902,439</b>
Mortgage and real estate notes, letters of credit and others	48,492,572	50,468,750
Securities issued overseas	2,711,830	4,281,704
Structured Operations Certificates	81,043	151,985
<b>Borrowing (Note 16a)</b>	<b>4,663,817</b>	<b>3,537,195</b>
Borrowing overseas	4,663,817	3,537,195
<b>On-lending in Brazil - official institutions (Note 16b)</b>	<b>23,646,199</b>	<b>26,073,014</b>
BNDES	8,496,979	6,955,178
FINAME	15,149,220	19,114,996
Other institutions	-	2,840

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on June 30** *-in thousands of Reais*

<b>Liabilities</b>	<b>2016</b>	<b>2015</b>
<b>Derivative financial instruments (Notes 3f and 6d II)</b>	<b>157,173</b>	<b>126,448</b>
Derivative financial instruments	157,173	126,448
<b>Other liabilities</b>	<b>79,389,634</b>	<b>59,847,260</b>
Tax and social security (Note 19a)	13,607,323	7,356,713
Subordinated debts (Note 18)	32,677,397	35,104,386
Eligible Debt Capital Instruments (Note 18)	13,876,948	-
Sundry (Note 19b)	19,227,966	17,386,161
<b>Deferred income</b>	<b>480,824</b>	<b>373,141</b>
Deferred income	480,824	373,141
<b>Non-controlling interests in subsidiaries (Note 20)</b>	<b>15,265</b>	<b>13,711</b>
<b>Shareholders' equity (Note 21)</b>	<b>96,357,886</b>	<b>86,971,566</b>
Capital:		
- Domiciled in Brazil	50,460,500	42,559,829
- Domiciled overseas	639,500	540,171
Capital reserves	11,441	11,441
Profit reserves	47,689,760	44,995,397
Asset valuation adjustments	(2,002,801)	(764,260)
Treasury shares (Note 21d)	(440,514)	(371,012)
<b>Total</b>	<b>880,005,378</b>	<b>844,769,114</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Income Accumulated the Prudential Conglomerate on June 30** *In thousands of Reais*

	<b>2016</b>	<b>2015</b>
<b>Revenue from financial intermediation</b>	<b>67,721,335</b>	<b>55,485,507</b>
Loans (Note 8j)	34,643,127	31,804,841
Leasing (Note 8j)	1,113,192	1,585,222
Operations with securities (Note 6h)	20,459,331	20,554,406
Derivative financial instruments (Note 6h)	12,893,167	(1,588,147)
Foreign exchange operations (Note 9a)	(3,828,709)	1,252,434
Reserve requirement (Note 7b)	2,574,665	2,035,409
Sale or transfer of financial assets	(133,438)	(158,658)
<b>Financial intermediation expenses</b>	<b>31,369,582</b>	<b>47,517,053</b>
Retail and professional market funding (Note 15d)	31,131,839	27,875,027
Borrowing and on-lending (Note 16c)	(11,352,661)	10,352,614
Leasing (Note 8j)	952,448	1,316,318
Allowance for loan losses (Notes 3g, 8g and 8h)	10,637,956	7,973,094
<b>Gross income from financial intermediation</b>	<b>36,351,753</b>	<b>7,968,454</b>
<b>Other operating income (expenses)</b>	<b>(18,249,872)</b>	<b>(387,743)</b>
Fee and commission income (Note 22)	11,802,500	10,706,553
- Other fee and commission income	8,628,087	8,033,989
Income from banking fees	3,174,413	2,672,564
Payroll and related benefits (Note 23)	(6,722,411)	(6,200,104)
Other administrative expenses (Note 24)	(8,719,765)	(8,162,844)
Tax expenses (Note 25)	(2,986,140)	(2,035,422)
Equity in the Earnings (Losses) of Affiliates and Subsidiary (Note 11)	(6,807,698)	9,215,106
Other operating income (Note 26)	3,105,367	3,213,835
Other operating expenses (Note 27)	(7,921,725)	(7,124,867)
<b>Operating income</b>	<b>18,101,881</b>	<b>7,580,711</b>
<b>Non-operating income (loss) (Note 28)</b>	<b>(51,927)</b>	<b>(137,147)</b>
<b>Income before income tax and social contribution and non-controlling interests</b>	<b>18,049,954</b>	<b>7,443,564</b>
<b>Income tax and social contribution (Notes 32a and 32b)</b>	<b>(9,792,587)</b>	<b>1,274,575</b>
<b>Non-controlling interests in subsidiaries</b>	<b>(2,058)</b>	<b>(785)</b>
<b>Net profit</b>	<b>8,255,309</b>	<b>8,717,354</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Changes in Shareholders' Equity** -In thousands of Reais

Events	Capital		Capital reserves	Profit reserves		Asset valuation adjustment		Treasu
	Paid in Capital	Unpaid Capital	Share premium	Legal	Statutory	Bradesco	Subsidiaries	share
<b>Balance on December 31, 2014</b>	<b>38,100,000</b>	-	<b>11,441</b>	<b>5,193,467</b>	<b>38,992,668</b>	<b>(405,477)</b>	<b>(85,834)</b>	<b>(298,01</b>
Capital increase with reserves	5,000,000	-	-	-	(5,000,000)	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	(72,99
Asset valuation adjustments	-	-	-	-	-	(421,620)	148,671	-
Net income	-	-	-	-	-	-	-	-
Allocations:- Reserves	-	-	-	435,867	5,373,395	-	-	-
- Interest on Shareholders' Equity Paid	-	-	-	-	-	-	-	-
- Interim Dividends Paid	-	-	-	-	-	-	-	-
<b>Balance on June 30, 2015</b>	<b>43,100,000</b>	-	<b>11,441</b>	<b>5,629,334</b>	<b>39,366,063</b>	<b>(827,097)</b>	<b>62,837</b>	<b>(371,01</b>
<b>Balance on December 31, 2015</b>	<b>46,100,000</b>	<b>(3,000,000)</b>	<b>11,441</b>	<b>6,052,949</b>	<b>44,287,857</b>	<b>(1,231,603)</b>	<b>(2,882,952)</b>	<b>(431,04</b>
Cancellation of Capital Increase by Subscription of Shares	(3,000,000)	3,000,000	-	-	-	-	-	-
Capital increase with reserves	8,000,000	-	-	-	(8,000,000)	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	(9,46
Asset valuation adjustments	-	-	-	-	-	456,523	1,655,231	-
Net income	-	-	-	-	-	-	-	-
Allocations:- Reserves	-	-	-	412,765	4,936,189	-	-	-
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	-	-	-	-
	<b>51,100,000</b>	-	<b>11,441</b>	<b>6,465,714</b>	<b>41,224,046</b>	<b>(775,080)</b>	<b>(1,227,721)</b>	<b>(440,51</b>

**Balance on June 30,  
2016**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Cash Flow Accumulated of the Prudential Conglomerate on June 30** *In thousands of Reais*

	2016	2015
<b>Cash flow from operating activities:</b>		
<b>Net profit before income tax and social contribution</b>	<b>18,049,954</b>	<b>7,443,564</b>
<b>Adjustments to net profit before income tax and social contribution</b>	<b>19,715,669</b>	<b>7,525,732</b>
Effect of Changes in Exchange Rates in Cash and Cash equivalents	6,045,045	193,272
Allowance for loan losses	10,637,956	7,973,094
Depreciation and amortization	1,368,061	1,453,942
Write-offs through Impairment	108,294	-
Expenses with civil, labor and tax provisions	1,941,782	1,694,629
Equity in the (earnings/losses) of unconsolidated and jointly subsidiaries	6,807,698	(9,215,106)
(Gain)/loss on sale of investments	(162,665)	137
(Gain)/loss on sale of fixed assets	19,379	10,838
(Gain)/loss on sale of foreclosed assets	152,293	120,056
Foreign exchange variation of assets and liabilities overseas/Other	(7,202,174)	5,294,870
<b>Adjusted net profit before taxes</b>	<b>37,765,623</b>	<b>14,969,296</b>
(Increase)/decrease in interbank investments	2,184,529	1,564,157
(Increase)/decrease in trading securities and derivative financial instruments	(8,787,109)	5,461,526
(Increase)/decrease in interbank and interdepartmental accounts	(2,466,248)	(2,186,891)
(Increase)/decrease in loan and leasing	15,180,320	(16,067,502)
(Increase)/decrease in other receivables and other assets	(49,484,226)	(3,414,097)
(Increase)/decrease in reserve requirement - Brazilian Central Bank	6,627,542	2,011,860
(Increase)/decrease in deposits	(16,911,117)	(15,372,328)
(Increase)/decrease in securities sold under agreements to repurchase	(5,702,436)	(30,473,103)
(Increase)/decrease in funds from issuance of securities	3,835,506	9,835,669
(Increase)/decrease in borrowings and on-lending	(12,805,590)	2,371,346
(Increase)/decrease in other liabilities	54,809,459	7,790,514
Increase/(decrease) in deferred income	(20,576)	83,807
Income tax and social contribution paid	(3,173,039)	(2,924,336)
<b>Net cash provided by/(used in) by operating activities</b>	<b>21,052,638</b>	<b>(26,350,082)</b>
<b>Cash flow from investing activities:</b>		
(Increase)/decrease in held-to-maturity securities	(127,990)	(72,500)
Sale of/maturity of and interests on available-for-sale securities	49,069,346	26,879,495
Proceeds from sale of foreclosed assets	299,467	305,870
Sale of investments	162,665	2,914,000
Sale of premises and equipment of use	1,226,102	1,857,841
Purchases of available-for-sale securities	(44,481,810)	(25,415,325)
Foreclosed assets received	(900,079)	(667,577)
Investment acquisitions	(271,121)	(109,069)
Sale of premises and equipment of use	(1,149,290)	(2,164,319)
Intangible asset acquisitions	(738,062)	(4,040,965)



Dividends and interest on shareholders' equity received	846,999	1,359,769
<b>Net cash provided by/(used in) investing activities</b>	<b>3,936,227</b>	<b>847,220</b>
<b>Cash flow from financing activities:</b>		
Increase/(decrease) in subordinated debts	661,917	1,605,332
Dividends and interest on shareholders' equity paid	(4,087,439)	(3,416,771)
Non-controlling interest	(3,440)	4,816
Acquisition of own shares	(9,466)	(72,997)
<b>Net cash provided by/(used in) financing activities</b>	<b>(3,438,428)</b>	<b>(1,879,620)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>21,550,437</b>	<b>(27,382,482)</b>
Cash and cash equivalents - at the beginning of the period	147,275,456	204,669,142
Effect of Changes in Exchange Rates in Cash and Cash equivalents	(6,045,045)	(193,272)
Cash and cash equivalents - at the end of the period	162,780,848	177,093,388
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>21,550,437</b>	<b>(27,382,482)</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Bradesco

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**1) OPERATIONS**

Banco Bradesco S.A. (Bradesco) is a private-sector, publicly traded company and universal bank that through its commercial, foreign exchange, consumer financing and housing loan portfolios carries out all types of banking activities which it is authorised to. The Bank is involved in a number of other activities, either directly or indirectly, through its subsidiaries, specifically leasing, investment banking, brokerage, consortium management, credit cards, real estate projects, insurance, pension plans and capitalization bonds. All these activities are undertaken by the various companies in the Organização Bradesco (Organization), working together in an integrated fashion in the market.

**2) PRESENTATION OF THE FINANCIAL STATEMENTS**

The Financial Statements of the Prudential Conglomerate were prepared to comply with the requirements of Resolution No. 4,280/13, of the National Monetary Council (CMN) and additional rules of the Brazilian Central Bank (Bacen). Thus, specific requirements in the consolidation and/or combination of the entities listed in Resolution No. 4,280/13 determined by the CMN and Bacen were observed, which are not necessarily the same established by the corporate law and by the CMN or Bacen for other types of consolidation. In this sense, they cover the financial statements of Bradesco, and foreign branches, subsidiaries and investment funds, as requested in Resolution No. 4,280/13.

In the preparation of these Financial Statements of the Prudential Conglomerate intercompany transactions, including investments, assets and liabilities, revenue, expenses and unrealized profit were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line. For jointly controlled investments with other shareholders, assets, liabilities and income and loss were included in the consolidated financial statements of the Prudential Conglomerate according to the interest held in the shareholders' equity of each investee. Goodwill on the acquisition of investments in subsidiary/associate companies or jointly controlled entities is presented in the investments and intangible assets lines (Note 14a).

The financial statements include estimates and assumptions, such as: the calculation of estimated loan losses; fair market value estimates of certain financial instruments; civil, tax and labor provisions; impairment losses of securities classified as available-for-sale and held-to-maturity securities and

non-financial assets; and the determination of the useful life of specific assets. Actual results may differ from those based on estimates and assumptions.

Bradesco's financial statements of the Prudential Conglomerate were approved by the Board of Executive Officers and by the Disclosure Committee on August 29, 2016.

Below are the significant directly and indirectly owned companies and investment funds included in the Prudential Conglomerate financial statements:

	Activity	On June 30	
		Equity interest 2016	2015
<b>Instituições Financeira</b>			
Banco Bradesco S.A.	Banking	Controlador	Controlador
Banco Alvorada S.A.	Banking	99.99%	99.99%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%
BMC Asset Management - DTVM Ltda.	Asset management	100.00%	100.00%
Banco Bradesco BBI S.A. (1)	Investment bank	99.81%	99.80%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%
Banco CBSS S.A. (2)	Banking	50.01%	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%	100.00%
Banco Bradesco BERJ S.A.	Banking	100.00%	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%
BEC - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%	100.00%
BEM - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%

Bradesco

## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	Activity	On June 30	
		Equity interest 2016	2015
Banco Bradescard S.A.	Cards	100.00%	100.00%
Crediaré S.A. - Crédito, Financiamento e Investimento	Banking	50.00%	50.00%
Everest Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%
Tibre Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%	100.00%
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%
Banco Bradesco Europa S.A.	Banking	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (3)	Banking	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%
Bradesco Securities, UK.	Brokerage	100.00%	100.00%
Bradesco Securities Hong Kong	Brokerage	100.00%	100.00%
Bradescard México, Sociedad de Responsabilidad Limitada	Cards	100.00%	100.00%
<b>Administradora de Consórcios</b>			
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%
<b>Instituições de Pagamento</b>			
Cielo S.A. (4)	Fees and commissions	30.06%	30.06%
Cia. Brasileira de Soluções e Serviços - Alelo (4)	Fees and commissions	50.01%	50.01%
Tempo Serviços Ltda.	Fees and commissions	100.00%	100.00%
Paggo Soluções e Meios de Pagamentos S.A.	Fees and commissions	15.03%	15.03%
Braspag – Tecnologia em Pagamentos	Fees and commissions	30.06%	30.06%
Cielo Inc.	Fees and commissions	30.06%	30.06%
Merchant E-Solutions	Fees and commissions	30.06%	30.06%
Cateno Gestão de Contas de Pagamentos S.A.	Fees and commissions	21.04%	21.04%
Cidade Capital Markets Limited	Banking	100.00%	100.00%
Farly Participações Ltda.	Fees and commissions	50.01%	50.01%
Stelo S.A.	Fees and commissions	44.02%	44.02%
Elo Holding Financeira S.A.	Fees and commissions	50.01%	50.01%
Leader S.A. Administradora de Cartões de Crédito (5)	Fees and commissions	100.00%	50.00%
MPO Processadora de Pagamentos Móveis S.A.	Fees and commissions	50.00%	50.00%
IBI Promotora de Vendas Ltda.	Fees and commissions	50.00%	50.00%
Alvorada Administradora de Cartões Ltda.	Fees and commissions	50.01%	50.01%
<b>Securizadoras</b>			
Cia. Securizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%
Alvorada Cia. Securizadora de Créditos Financeiros	Credit acquisition	100.00%	100.00%
Promosec Cia. Securizadora de Créditos	Credit acquisition	100.00%	100.00%
BCN – Consultoria, Adm. Bens, Serv. e Publicidade Ltda.	Credit acquisition	100.00%	100.00%
Alvorada Serviços e Negócios Ltda.	Credit acquisition	100.00%	100.00%

**Fundos de Investimento (6)**

Bradesco FI Mult. Cred. Priv. Inv. Exterior Andromeda	Investment Fund	100.00%	100.00%
Bradesco FI Mult. Cred. Priv. Inv. Exterior Pioneiro	Investment Fund	100.00%	100.00%
Bradesco FI Referenciado DI Performance	Investment Fund	100.00%	100.00%
Bradesco FI Referenciado DI União (7)	Investment Fund	82.19%	72.82%
Bradesco FIC FI Mult. Cred. Priv. Inv. Exterior – RV Local (8)	Investment Fund	100.00%	100.00%
Bradesco FIC FI Referenciado DI Carnaúba	Investment Fund	50.01%	50.01%
Bradesco FIC FI Referenciado DI Galáxia	Investment Fund	100.00%	100.00%
FII - FI RF Cred. Privado	Investment Fund	100.00%	100.00%
FIP Mult. Plus	Investment Fund	100.00%	100.00%
Strong FI Renda em Cotas Mult.	Investment Fund	100.00%	100.00%

(1) Increased participation through the subscription of shares in June 2016;

(2) Company partially sold to the Alelo Group;

(3) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company is part of a structure set up for the securitization of the future flow of payment orders received overseas;

(4) Company proportionally consolidated, pursuant to CMN Rule No. 4,280/13;

(5) Increase in equity interest through share acquisition in April 2016;

(6) The investment funds in which Bradesco assumes or substantially retains the risks and benefits were consolidated;

(7) Increased participation in June of 2016; and

(8) New corporate name of Fundo FIC FI Mult. Cristal II.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**3) SIGNIFICANT ACCOUNTING PRACTICES**

**a) Functional and presentation currencies**

Financial statements of Prudential Conglomerate are presented in Brazilian reais, which is also Bradesco's functional currency. Foreign branches and subsidiaries are mainly a continuation of activities in Brazil, and, therefore, assets, liabilities and profit or loss are converted into Brazilian reais using the appropriate currency exchange rate to comply with accounting practices adopted in Brazil. Foreign currency conversion gains and losses arising are recognized in the period's income statement in the lines "Derivative Financial Instruments" and "Borrowing and On-lending".

**b) Income and expense recognition**

The result is calculated according to the regime of competence, which establishes that the revenues and expenses should be included in the calculation of the results for the periods in which they occur, always simultaneously to when they are correlated, regardless of being a receipt or payment.

Fixed rate contracts are recorded at their redemption value with the income or expense relating to future periods being recorded as a deduction from the corresponding asset or liability. Finance income and costs are recognized daily on a pro-rata basis and calculated using the compounding method, except when they relate to discounted notes or to foreign transactions, which are calculated using the straight-line method.

Floating rate and foreign-currency-indexed contracts are adjusted to the interest and foreign exchange rates applicable at the end of the reporting period.

**c) Cash and cash equivalents**



Cash and cash equivalents include: funds available in currency, investments in gold, securities sold under agreements to repurchase and interest-earning deposits in other banks, maturing in 90 days or less, which are exposed to insignificant risk of change in fair market value. These funds are used by Bradesco to manage its short-term commitments.

Cash and cash equivalents detailed balances are presented in Note 4.

#### **d) Interbank investments**

Unrestricted repurchase and reverse repurchase agreements are stated at their fair market value. All other interbank investments are stated at cost, plus income earned up to the end of the reporting period, net of any devaluation allowance, if applicable.

The breakdown, terms and proceeds relating to interbank investments are presented in Note 5.

#### **e) Securities – Classification**

- Trading securities – securities acquired for the purpose of being actively and frequently traded. They are recorded at cost, plus income earned and adjusted to fair market value with movements recognized in the Income Statement for the period;
- Available-for-sale securities – securities that are not specifically intended for trading purposes or to be held to maturity. They are recorded at cost, plus income earned, which is recorded in profit or loss in the period and adjusted to fair market value with movements recognized in shareholders' equity, net of tax, which will be transferred to the Income Statement only when effectively realized; and
- Held-to-maturity securities – securities for which there is positive intent and financial capacity to hold to maturity. They are recorded at cost, plus income earned recognized in the Income Statement for the period.

Securities classified as trading and available-for-sale, as well as derivative financial instruments, are recognized in the consolidated statement of financial position at their fair market value. Fair market value is generally based on quoted market prices or quotations for assets or liabilities with similar characteristics. If market prices are not available, fair market values are based on traders' quotations, pricing models,

discounted cash flows or similar techniques to determine the fair market value and may require judgment or significant estimates by Management.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

Classification, breakdown and segmentation of securities are presented in Note 6 (a to c).

**f) Derivative financial instruments (assets and liabilities)**

Derivate instruments are classified based on the objective for which the underlying instrument was acquired at the date of purchase, taking into consideration its use for possible hedging purposes.

Operations involving derivative financial instruments are designed to meet the Bank's own needs in order to manage overall exposure, as well as to meet customer requests to manage their positions. The gains or losses are recorded in profit-and-loss and shareholders' equity accounts.

Derivative financial instruments used to mitigate risk deriving from exposure to variations in the fair market value of financial assets and liabilities are designated as hedges when they meet the criteria for hedge accounting and are classified according to their nature:

- Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are recorded in the Income Statement; and
- Cash flow hedge: the effective portion of valuation or devaluation of the financial instruments classified in this category is recorded, net of taxes, in a specific account in shareholders' equity. The ineffective portion of the hedge is recognized directly in the Income Statement.

A breakdown of amounts included as derivative financial instruments, in the balance sheet and off-balance-sheet accounts, is disclosed in Note 6 (d to g).

**g) Loans and leasing, advances on foreign exchange contracts, other receivables with credit characteristics and allowance for loan losses**

Loans and leasing, advances on foreign exchange contracts and other receivables with credit characteristics are classified by risk level, based on: (i) the parameters established by CMN Resolution No. 2,682/99, which requires risk ratings to have nine levels, from “AA” (minimum risk) to “H” (maximum risk); and (ii) Management’s assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to operations, debtors and guarantors. Moreover, the days past due are also considered in the rating of customer risk as per CMN Resolution No. 2,682/99, as follows:

<b>Past-due period (1)</b>	<b>Customer rating</b>
• from 15 to 30 days	B
• from 31 to 60 days	C
• from 61 to 90 days	D
• from 91 to 120 days	E
• from 121 to 150 days	F
• from 151 to 180 days	G
• more than 180 days	H

(1) For transactions with terms of more than 36 months, past-due periods are doubled, as permitted by CMN Resolution No. 2,682/99.

Interest and inflation adjustments on past due transactions are only recognized on the Income Statement up to 59 days past the due date. As from the 60<sup>th</sup> day, they are recognized on off-balance sheet accounts and are only recognized when the Income Statement has been received.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

H-rated past due transactions remain at this level for six months, after which they are written-off against the existing allowance and controlled in off-balance-sheet accounts for at least five years.

Renegotiated transactions are held at the same rating as on the date of the renegotiation or classified in a higher risk rating. Renegotiations which have already been written-off against the allowance and that were recorded in off-balance-sheet accounts, are rated as level "H" and any possible gains derived from their renegotiation are recognized only when they are effectively received. When there is a significant repayment on the operation or when new material facts justify a change in the level of risk, the operation may be reclassified to a lower risk category.

The estimated allowance for loan losses is calculated to sufficiently cover probable losses, considering CMN and Bacen standards and instructions, together with the Management's assessment of the credit risk.

Type, values, terms, levels of risk, concentration, economic sector of client's activity, renegotiation and income from loans, as well as the breakdown of expenses and statement of financial position accounts for the allowance for loan losses are presented in Note 8.

**Leasing**

The portfolio of leasing operations consists of contracts firmed with the support of Decree No. 140/84, of the Ministry of Finance, which contains clauses of: (a) non-cancellation; (b) purchase option; and c) post-fixed or fixed restatement and are accounted for in accordance with the standards established by Bacen, as follows:

**I- Leases receivable**

Reflect the balance of installments receivable, restated according to the indexes and criteria established by contractual agreement.

## **II- Unearned income from leasing and Guaranteed Residual Value (GRV)**

Recorded at the contractual amount, conversely to adjusted accounts of unearned revenues from leasing and Residual value to balance, both submitted through negotiated conditions. The GRV received in advance is recorded in Other Liabilities – Creditors by Anticipation of the Residual Value until the date of contractual termination. The adjustment at present value of the lease payments and the GRV receivable from the financial leasing operations is recognized as excessive/insufficient depreciation on leased assets, in order to reconcile the accounting practices. In operations whose delays are equal to or greater than 60 days, the appropriation to the result occurs upon receipt of contractual installments, in accordance with CMN Resolution No. 2,682/99.

## **III- Leased fixed assets**

It is recorded at acquisition cost, minus the accrued depreciations. The depreciation is calculated using the linear method, with the benefit of a 30% reduction in the normal life cycle of the asset, provisioned in the current legislation. The main annual rates of depreciation used, as base for this reduction, are the following: vehicles and the like, 20%; furniture and utensils, 10%; machinery and equipment, 10%; and other assets, 10% and 20%.

## **IV- Losses on leases**

The losses recorded in the sale of leased assets are deferred and amortized over the remaining normal life cycle of assets, and are shown along with the Leased Fixed Assets (Note 8k).

## **V- Excessive (insufficient) depreciation**

The accounting records of leasing operations are maintained as legal requirements, specific for this type of operation. The procedures adopted and summarized in items "II" to "IV" above differ from the accounting practices provisioned in Brazilian corporate law, especially concerning the regime of competence in the record of revenues and expenses related to lease contracts. As a result, in accordance with Bacen Circular No. 1,429/89, the present value of outstanding leasing installments was calculated, using the internal rate of return of each contract, recording a leasing revenue or expenditure, conversely to the entries of excessive or insufficient depreciation, respectively, recorded in Permanent Assets, with the objective of adapting the leasing operations to the regime of competence (Note 8k).

Bradesco

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**h) Income tax and social contribution (assets and liabilities)**

Income tax and social contribution deferred tax assets, calculated on income tax losses, social contribution losses and temporary differences, are recorded in "Other Receivables - Sundry" and the deferred tax liabilities on tax differences in leasing depreciation (applicable only for income tax), mark-to-market adjustments on securities, restatement of judicial deposits, among others, are recorded in "Other Liabilities - Tax and Social Security".

Deferred tax assets on temporary differences are realized when the difference between the accounting treatment and the income tax treatment reverses. Deferred tax assets on income tax and social contribution losses are realizable when taxable income is generated, up to the 30% limit of the taxable profit for the period. Deferred tax assets are recorded based on current expectations of realization considering technical studies and analyses carried out by Management.

The provision for income tax is calculated at 15% of taxable income plus a 10% surcharge. For financial companies, equated and of the insurance industry, the social contribution on the profit was calculated until August 2015, considering the rate of 15%. For the period between September 2015 and December 2018, the rate was changed to 20%, according to Law No. 13,169/15, returning to the rate of 15% as from January 2019. For the other companies, the social contribution is calculated considering the rate of 9%.

Due to the amendment of the rate, the Organização Bradesco constituted, in September 2015, a supplement to the tax credit of social contribution, considering the annual expectations of achievement and their respective rates in force in each period, according to the technical study conducted.

Provisions were recorded for other income tax and social contribution in accordance with specific applicable legislation.

Changes in the criteria to recognize revenue, costs and expenses included in the net profit for the period, enacted by Law No. 11,638/07 and subsequent amendments were made fiscally by the new regime of the taxation in force instituted by Law No. 12,973/14.



The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of deferred tax assets, as well as unrecorded deferred tax assets, are presented in Note 32.

**i) Prepaid expenses**

Prepaid expenses consist of funds already disbursed for future benefits or services, which are recognized in the profit or loss on an accrual basis.

Incurred costs relating to assets that will generate revenue in subsequent periods are recorded in the Income Statement according to the terms and the amount of expected benefits and directly written-off in the Income Statement when the corresponding assets or rights are no longer part of the institution's assets or when future benefits are no longer expected.

In the case of the remuneration paid for the origination of credit operations or leasing to the banking correspondents related to credit operations originated during 2015 and 2016, Bradesco opted to recognize part of the total value of compensation, pursuant to the provisions of Bacen Circular No. 3,738/14.

Prepaid expenses are shown in detail in Note 10b.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**j) Investments**

Investments in unconsolidated and jointly subsidiaries, where Bradesco has significant influence over the investee or holds at least 20% of the voting rights, are accounted for using the equity method.

Tax incentives and other investments are stated at cost, less allowance for losses/impairment, where applicable.

Subsidiaries are consolidated – the composition of the main companies can be found in Note 2. The composition of unconsolidated and jointly controlled companies, as well as other investments, can be found in Note 11.

**k) Premises and equipment**

Relates to the tangible assets used by the Bank in its activities, including those resulting from transactions that transfer risks, benefits and control of the assets to the Bank.

Premises and equipment are stated at acquisition cost, net of accumulated depreciation, calculated by the straight-line method based on the assets' estimated economic useful life, using the following rates: real estate – 4% per annum; installations, furniture, equipment for use, security systems and communications – 10% per annum; transport systems – 20% per annum; and data-processing systems – 20% to 40% per annum, and adjusted for impairment, when applicable.

The breakdown of asset costs and their corresponding depreciation, as well as the unrecorded surplus value for real estate and the fixed asset ratios, are presented in Note 12.

## **l) Deferred assets**

It is recorded at cost of acquisition or composition, net of their accrued depreciation of 20% per annum, calculated using the linear method. Since December 2008, the new operations have been recorded in intangible assets, in accordance with Circular Letter No. 3,357/08 of Bacen.

The composition of deferred assets is shown in Note 13.

## **m) Intangible assets**

Corresponds to the acquired rights whose subjects are intangible assets intended for the maintenance of the company or exercised for this purpose.

Intangible assets comprise of:

- Future profitability/acquired client portfolio and acquisition of right to provide banking services: they are recorded and amortized over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted for impairment, where applicable; and
- Software: stated at cost, less amortization calculated on a straight-line basis over the estimated useful life (20% p.a.), from the date it is available for use and adjusted for impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intent and ability to complete and use the software, as well as to reliably measure costs directly attributable to the intangible asset. These costs are amortized during the software's estimated useful life, considering the expected future economic benefits.

Intangible assets and the movement in these balances by class, are presented in Note 14.

## **n) Impairment**

Financial and non-financial assets are tested for impairment.

Impairment evidence may comprise the non-payment or payment delay by the debtor, possible bankruptcy process or the significant or extended dec line in an asset value.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

An impairment loss of a financial or non-financial asset is recognized in the profit or loss for the period if the book value of an asset or cash-generating unit exceeds its recoverable value.

Impairment losses are presented in Note 6c(7) and 6h(1).

**o) Securities sold under agreements to repurchase**

These are recognized at the value of the liabilities and include, when applicable, related charges up to the end of the reporting period, calculated on a daily pro-rata basis.

A breakdown of the contracts recorded in deposits and securities sold under agreements to repurchase, as well as terms and amounts recognized in the statement of financial position and income statement, is presented in Note 15.

**p) Provisions, contingent assets and liabilities and legal obligations – tax and social security**

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25, approved by CMN Resolution No. 3,823/09 and CVM Resolution No. 594/09:

- **Contingent Assets:** these are not recognized in the financial statements, except to the extent that there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, and confirmation of the capacity of the counterparty to pay or the ability of Bradesco to realize the asset via compensation against another liability upon which the gain is considered practically certain. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;

- Provisions: these are recorded taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the loss is deemed probable, it requires a probable outflow of funds to settle the obligation and when the amount can be reliably measured;
- Contingent Liabilities: according to CPC 25, the term “contingent” is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management’s control. Contingent liabilities do not meet the criteria for recognition because they are considered possible losses and should only be disclosed in the notes when relevant. Obligations deemed remote are not recorded as a provision nor are they disclosed; and
- Legal Obligations – Provision for Tax Risks: results from judicial proceedings, which contest the applicability of tax laws on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully provided for in the financial statements.

Details on lawsuits, as well as segregation and changes in amounts recorded by type, are presented in Note 17.

**q) Other assets and liabilities**

Assets are stated at their realizable amounts, including, when applicable, related income and inflation and exchange variations (on a daily prorated basis), less provision for losses, when deemed appropriate. Liabilities include known or measurable amounts, including related charges and inflation and exchange variations (on a daily prorated basis).

**r) Subsequent events**

These refer to events occurring between the reporting date and the date the financial statements are authorized to be issued.

They comprise the following:

- Events resulting in adjustments: events relating to conditions already existing at the end of the reporting period; and

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

- Events not resulting in adjustments: events relating to conditions not existing at the end of the reporting period.

Subsequent events, if any, are described in Note 33.

**4) CASH AND CASH EQUIVALENTS**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Cash and due from banks in domestic currency	7,391,169	7,806,499
Cash and due from banks in foreign currency (1)	24,882,312	3,702,847
Investments in gold	197	124
<b>Total cash and due from banks</b>	<b>32,273,678</b>	<b>11,509,470</b>
Interbank investments (2)	130,507,170	165,583,918
<b>Total cash and cash equivalents</b>	<b>162,780,848</b>	<b>177,093,388</b>

(1) On June 30, 2016, it includes availability in foreign currency on the purchase and sale of shares agreement, for which payment was made on July 1, 2016 (Note 33f); and

(2) Refers to operations that mature in 90 days or less from the date they were effectively invested and with insignificant risk of change in fair value.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

*Notes to the Financial Statements of the Prudential Conglomerate***5) INTERBANK INVESTMENTS****a) Breakdown and maturity**

	On June 30 - R\$ thousand				
	1 to 30	31 to 180	181 to	More	
	days	days	360	than	2016
			days	360	2015
				days	
<b>Securities purchased under agreements to resell:</b>					
<b>Own portfolio position</b>	<b>13,789,758</b>	-	-	-	<b>13,789,758</b>
Financial treasury bills	150,461	-	-	-	150,461
National treasury notes	9,027,767	-	-	-	9,027,767
National treasury bills	4,387,268	-	-	-	4,387,268
Bank deposit certificates	195,559	-	-	-	195,559
Debentures	28,703	-	-	-	28,703
Other	-	-	-	-	-
<b>Funded position</b>	<b>116,640,272</b>	<b>609,047</b>	-	-	<b>117,249,319</b>
Financial treasury bills	18,253,786	-	-	-	18,253,786
National treasury notes	56,842,472	609,047	-	-	57,451,519
National treasury bills	41,544,014	-	-	-	41,544,014
<b>Short position</b>	<b>295,125</b>	<b>151,581</b>	-	-	<b>446,706</b>
National treasury bills	295,125	151,581	-	-	446,706
<b>Subtotal</b>	<b>130,725,155</b>	<b>760,628</b>	-	-	<b>131,485,783</b>
<b>Interest-earning deposits in other banks:</b>					
Interest-earning deposits in other banks:	4,812,225	1,886,616	237,072	295,645	7,231,558
Provision for losses	(2,239)	(6,589)	(2,482)	-	(11,310)
<b>Subtotal</b>	<b>4,809,986</b>	<b>1,880,027</b>	<b>234,590</b>	<b>295,645</b>	<b>7,220,248</b>
<b>Total in 2016</b>	<b>135,535,141</b>	<b>2,640,655</b>	<b>234,590</b>	<b>295,645</b>	<b>138,706,031</b>
<b>%</b>	<b>97.7</b>	<b>1.9</b>	<b>0.2</b>	<b>0.2</b>	<b>100.0</b>
<b>Total in 2015</b>	<b>165,893,185</b>	<b>7,522,109</b>	<b>2,317,740</b>	<b>526,925</b>	<b>176,259,959</b>
<b>%</b>	<b>94.1</b>	<b>4.3</b>	<b>1.3</b>	<b>0.3</b>	

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****b) Income from interbank investments**

Classified in the income statement as income from operations with securities.

	Accrued on June 30 - R\$ thousand	
	2016	2015
<b>Income from investments in purchase and sale commitments:</b>		
•Own portfolio position	237,655	148,224
•Funded position	9,579,930	10,293,911
•Short position	139,624	187,010
<b>Subtotal</b>	<b>9,957,209</b>	<b>10,629,145</b>
<b>Income from interest-earning deposits in other banks</b>	<b>412,436</b>	<b>214,081</b>
<b>Total (Note 6h)</b>	<b>10,369,645</b>	<b>10,843,226</b>

**6) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

**a) Summary of the consolidated classification of securities by operating segment and issuer**

	2016			On June 30 - R\$ thousand		
	Financial	Other Activities	Total	%	Total	%
<b>Trading securities</b>	<b>55,626,453</b>	<b>36,991</b>	<b>55,663,444</b>	<b>29.2</b>	<b>34,537,469</b>	<b>23.1</b>
- Government securities	21,888,919	1,553	21,890,472	11.5	12,095,083	8.1
- Corporate securities	11,751,331	35,438	11,786,769	6.2	15,420,530	10.3
- Derivative financial instruments (1) (6)	21,986,203	-	21,986,203	11.5	7,021,856	4.7
<b>Available-for-sale securities (3)</b>	<b>122,627,484</b>	<b>2,932</b>	<b>122,630,416</b>	<b>64.2</b>	<b>102,583,579</b>	<b>68.6</b>
- Government securities	69,446,741	-	69,446,741	36.4	57,966,477	38.8

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- Corporate securities	53,180,743	2,932	53,183,675	27.8	44,617,102	29.8
<b>Held-to-maturity securities (3)</b>	<b>12,720,737</b>	-	<b>12,720,737</b>	<b>6.6</b>	<b>12,458,024</b>	<b>8.3</b>
- Government securities	27,175	-	27,175	-	39,021	-
- Corporate securities	12,693,562	-	12,693,562	6.6	12,419,003	8.3
<b>Subtotal</b>	<b>190,974,674</b>	<b>39,923</b>	<b>191,014,597</b>	<b>100.0</b>	<b>149,579,072</b>	<b>100.0</b>
Purchase and sale commitments (2)	97	-	97		71,572	
<b>Grand total</b>	<b>190,974,771</b>	<b>39,923</b>	<b>191,014,694</b>		<b>149,650,644</b>	
- Government securities	91,362,835	1,553	91,364,388	47.9	70,100,581	47.0
- Corporate securities	99,611,839	38,370	99,650,209	52.1	79,478,491	53.0
<b>Subtotal</b>	<b>190,974,674</b>	<b>39,923</b>	<b>191,014,597</b>	<b>100.0</b>	<b>149,579,072</b>	<b>100.0</b>
Purchase and sale commitments (2)	97	-	97		71,572	
<b>Grand total</b>	<b>190,974,771</b>	<b>39,923</b>	<b>191,014,694</b>		<b>149,650,644</b>	

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****b) Consolidated classification by category, maturity and operating segment****l) Trading securities**

Securities	2016					Fair/book value (5) (6) (7)	Original amortized cost
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days			
<b>- Financial</b>	<b>25,256,778</b>	<b>2,369,289</b>	<b>3,714,044</b>	<b>24,286,342</b>	<b>55,626,453</b>	<b>66,300,000</b>	
National treasury bills	466,731	36,371	19,743	503,462	1,026,307	1,026,307	
Financial treasury bills	-	10,162	2,481	13,228,589	13,241,232	13,241,232	
Bank deposit certificates	33,464	320,980	-	-	354,444	354,444	
Derivative financial instruments (1) (6)	20,933,615	737,597	235,791	79,199	21,986,202	32,500,000	
Debentures	30,580	42,905	119,740	2,103,127	2,296,352	2,499,000	
National treasury notes	-	156,233	160,950	5,495,753	5,812,936	5,770,000	
Financial bills	587,909	590,405	1,380,478	2,024,557	4,583,349	4,583,349	
Other	3,204,479	474,636	1,794,861	851,655	6,325,631	6,325,631	
<b>- Other activities</b>	<b>35,386</b>	<b>-</b>	<b>52</b>	<b>1,553</b>	<b>36,991</b>	<b>36,991</b>	
Other	35,386	-	52	1,553	36,991	36,991	
<b>Subtotal</b>	<b>25,292,164</b>	<b>2,369,289</b>	<b>3,714,096</b>	<b>24,287,895</b>	<b>55,663,444</b>	<b>66,300,000</b>	
Purchase and sale commitments - Financial (2)	97	-	-	-	97	97	
<b>Grand total</b>	<b>25,292,261</b>	<b>2,369,289</b>	<b>3,714,096</b>	<b>24,287,895</b>	<b>55,663,541</b>	<b>66,300,000</b>	
<b>Derivative financial instruments (liabilities) (6)</b>	<b>(17,030,805)</b>	<b>(518,993)</b>	<b>(220,790)</b>	<b>(157,173)</b>	<b>(17,927,761)</b>	<b>(16,120,000)</b>	

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****II) Available-for-sale securities**

Securities (7)	2016				Fair/book value (5) (6) (7)	O am
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days		
<b>- Financial</b>	<b>9,756,717</b>	<b>5,951,299</b>	<b>9,172,577</b>	<b>97,746,891</b>	<b>122,627,484</b>	<b>126</b>
National treasury bills	1,865,967	2,071,552	3,855,708	20,874,506	28,667,733	28
Brazilian foreign debt securities	-	-	11,084	513,960	525,044	
Foreign corporate securities	169,102	189,711	37,208	10,172,514	10,568,535	12
National treasury notes	-	190,027	4,485,311	32,996,419	37,671,757	37
Financial treasury bills	-	-	-	640,527	640,527	
Debentures	228,830	684,588	582,115	31,453,348	32,948,881	33
Shares	6,127,034	-	-	-	6,127,034	6
Certificates of real estate receivables	20,717	-	-	944,232	964,949	1
Other	1,345,067	2,815,421	201,151	151,385	4,513,024	4
<b>- Other activities</b>	<b>2,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,932</b>	
Other	2,932	-	-	-	2,932	
<b>Subtotal</b>	<b>9,759,649</b>	<b>5,951,299</b>	<b>9,172,577</b>	<b>97,746,891</b>	<b>122,630,416</b>	<b>126</b>
Hedge - cash flow (Note 6f)	-	-	-	-	-	-
Securities reclassified to "Held-to-maturity securities" (3)	-	-	-	-	-	-
<b>Grand total</b>	<b>9,759,649</b>	<b>5,951,299</b>	<b>9,172,577</b>	<b>97,746,891</b>	<b>122,630,416</b>	<b>126</b>

**III) Held-to-maturity securities**

Títulos (3)	2016				Fair Value (4)	Gain (loss) not accounted for (5)	Amortized cost (3)	On June 30 - R\$ 2016
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days				
<b>- Financeiras</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,720,737</b>	<b>10,851,221</b>	<b>(1,869,516)</b>	<b>12,458,024</b>	
Títulos da dívida externa brasileira	-	-	-	27,175	27,175	29,054	39,021	
Certificados de recebíveis imobiliários	-	-	-	12,693,562	10,822,167	(1,871,395)	12,419,003	
<b>Total geral</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,720,737</b>	<b>10,851,221</b>	<b>(1,869,516)</b>	<b>12,458,024</b>	

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****c) Breakdown of the portfolios by financial statement classification**

Securities	On June 30, 2014				
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total
<b>Own portfolio</b>	<b>11,709,486</b>	<b>6,665,835</b>	<b>6,949,811</b>	<b>93,222,732</b>	<b>118,547,864</b>
<b>Fixed income securities</b>	<b>5,095,855</b>	<b>6,665,835</b>	<b>6,949,811</b>	<b>93,222,732</b>	<b>111,933,233</b>
Financial treasury bills	-	9,530	1,390	10,644,562	10,655,482
National treasury notes	-	346,204	2,592,761	24,539,309	27,478,274
Brazilian foreign debt securities	-	-	1,390,420	78,263	1,468,683
Bank deposit certificates	57,719	320,980	52	12,452	381,163
National treasury bills	86,738	1,349,657	241,443	7,052,434	8,729,872
Foreign corporate securities	22,988	222,010	341,226	826,150	1,412,374
Debentures	259,410	727,493	701,855	33,556,475	35,285,233
Certificates of real estate receivables	21,054	-	-	13,665,785	13,707,893
Financial bills	587,909	656,527	1,380,478	2,024,557	4,649,471
Purchase and sale commitments (2)	97	-	-	-	97
Other	4,059,940	3,033,434	300,186	822,745	8,216,305
<b>Equity securities</b>	<b>6,613,631</b>	-	-	-	<b>6,613,631</b>
Shares of listed companies	6,613,631	-	-	-	6,613,631
<b>Restricted securities</b>	<b>2,408,807</b>	<b>192,499</b>	<b>3,191,095</b>	<b>39,966,543</b>	<b>45,758,944</b>
<b>Repurchase agreements</b>	<b>2,400,630</b>	<b>164,404</b>	<b>14,073</b>	<b>31,252,869</b>	<b>33,832,076</b>
National treasury bills	2,245,959	6,146	685	10,626,741	12,878,531
Financial treasury bills	-	-	-	1,038,483	1,038,483
National treasury notes	-	57	918	9,689,119	9,747,194
Foreign corporate securities	154,671	158,201	1,617	9,394,056	9,707,545
Other	-	-	10,853	504,470	515,323
<b>Brazilian Central Bank</b>	-	<b>27,463</b>	<b>27,966</b>	<b>9,309</b>	<b>64,738</b>
National treasury bills	-	27,463	27,966	4,233	59,662
Other	-	-	-	5,076	5,076
<b>Privatization rights</b>	-	-	-	<b>50,565</b>	<b>50,565</b>
<b>Guarantees provided</b>	<b>8,177</b>	<b>632</b>	<b>3,149,056</b>	<b>8,653,800</b>	<b>11,811,665</b>
National treasury bills	-	-	2,498,329	2,377,952	4,876,281
Financial treasury bills	-	632	1,091	2,186,267	2,864,190
National treasury notes	-	-	649,636	4,089,581	4,739,217
Other	8,177	-	-	-	8,177
<b>Derivative financial instruments (1) (6)</b>	<b>20,933,617</b>	<b>737,597</b>	<b>235,790</b>	<b>79,199</b>	<b>21,986,203</b>
<b>Securities subject to unrestricted repurchase agreements</b>	-	<b>724,657</b>	<b>2,509,977</b>	<b>1,487,049</b>	<b>4,721,693</b>
National treasury bills	-	724,657	1,107,029	1,316,605	3,148,291

Financial treasury bills	-	-	1,402,948	170,444	1,5
<b>Grand total</b>	<b>35,051,910</b>	<b>8,320,588</b>	<b>12,886,673</b>	<b>134,755,523</b>	<b>191,0</b>
%	<b>18.3</b>	<b>4.4</b>	<b>6.7</b>	<b>70.6</b>	

June 2016

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

- (1) Consistent with the criteria in Bacen Circular Letter No. 3,068/01 and due to the characteristics of the securities, we are classifying the derivative financial instruments, except those considered as cash flow hedges in the category Trading Securities;
- (2) These refer to investment fund and managed portfolio resources invested in purchase contracts with a commitment to re-sell with Bradesco, whose owners are consolidated subsidiaries, included in the consolidated financial statements of the Prudential Conglomerate;
- (3) In compliance with Article 8 of Bacen Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities until their maturity dates. The mark-to-market of securities, which were transferred from the category "Securities Available for Sale" to the category of "Securities Held to Maturity", in June 2015 and in December 2013, was maintained in the shareholders' equity and will be recognized in the results for the remaining term of these securities, according to Bacen Circular No. 3,068/01;
- (4) The number of days to maturity was based on the contractual maturity of the instruments, regardless of their accounting classification;
- (5) The fair value of securities is determined based on the market price available at the end of the reporting period. If no market price quotation is available at the end of the reporting period, amounts are estimated based on the prices quoted by dealers, pricing models, quotation models or price quotations for instruments with similar characteristics. For investment funds, the original amortized cost reflects the fair value of the respective quotas;
- (6) Includes hedge for protection of assets and liabilities, denominated in or indexed to foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities. For a better analysis of these items, consider the net exposure (Note 6d II); and
- (7) In the first semester of 2016, there was constitution of provision for impairment losses in the amount of R\$108,294 thousand, related to the heading "Variable Income Securities" (first semester of 2015 there was no constitution of provision for impairment losses).

**d) Derivative financial instruments**

Bradesco carries out transactions involving derivative financial instruments, which are recorded in the statement of financial position or in off-balance-sheet accounts, to meet its own needs in managing its global exposure, as well as to meet its customer's requests, in order to manage their exposure. These operations involve a range of derivatives, including interest rate swaps, currency swaps, futures and

options, Bradesco's risk management policy is based on the utilization of derivative financial instruments mainly to mitigate the risks from operations carried out by the Bank and its subsidiaries.

Securities classified as trading and available-for-sale, as well as derivative financial instruments, are recognized in the consolidated statement of financial position at their fair market value. Fair market value is generally based on quoted market prices or quotations for assets or liabilities with similar characteristics. Should market prices not be available, fair market values are based on dealer quotations, pricing models, discounted cash flows or similar techniques for which the determination of fair market value may require judgment or significant estimates by Management.

Quoted market prices are used to determine the fair market value of derivative financial instruments. The fair market value of swaps is determined by using discounted cash flow modeling techniques that use yield curves, reflecting adequate risk factors. The information to build yield curves is mainly obtained from the Securities, Commodities and Futures Exchange (BM&FBOVESPA) and the domestic and international secondary market. These yield curves are used to determine the fair market value of currency swaps, interest rate and other risk factor swaps.

The fair market value of forward and futures contracts is also determined based on market price quotations for derivatives traded at the exchange or using methodologies similar to those outlined for swaps. The fair market values of credit derivative instruments are determined based on market price quotations or from specialized entities. The fair market value of options is determined based on mathematical models, such as Black & Scholes, using yield curves, implied volatilities and the fair market value of corresponding assets. Current market prices are used to calculate volatility.

Derivative financial instruments in Brazil mainly refer to swaps and futures and are registered at the OTC Clearing House (Cetip) and BM&FBOVESPA.

Operations involving forward contracts of interest rates, indexes and currencies are contracted by Management to hedge Bradesco's overall exposures and to meet customer needs.

Foreign derivative financial instruments refer to swap, forward, options, credit and futures operations and are mainly carried out at the stock exchanges in Chicago and New York, as well as the over-the-counter (OTC) markets.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****l) Amount of derivative financial instruments recorded in off-balance-sheet accounts**

	2016		On June 30 - R\$ thousand 2015	
	Grand total amount	Net amount	Grand total amount	Net amount
<b>Futures contracts</b>				
<b>Purchase commitments:</b>	<b>102,113,392</b>	-	<b>95,904,792</b>	-
- Interbank market	74,234,553	52,106,905	75,090,259	49,021,972
- Foreign currency	27,863,377	-	20,546,198	-
- Other	15,462	10,155	268,335	107,446
<b>Sale commitments:</b>	<b>85,522,641</b>	-	<b>60,760,147</b>	-
- Interbank market (1)	22,127,648	-	26,068,287	-
- Foreign currency (2)	63,389,686	35,526,309	34,530,971	13,984,773
- Other	5,307	-	160,889	-
<b>Option contracts</b>				
<b>Purchase commitments:</b>	<b>14,000,864</b>	-	<b>40,472,694</b>	-
- Interbank market	8,214,937	132,362	38,705,347	-
- Foreign currency	5,785,927	3,840,657	1,751,740	2,493
- Other	-	-	15,607	-
<b>Sale commitments:</b>	<b>10,027,891</b>	-	<b>70,020,081</b>	-
- Interbank market	8,082,575	-	62,898,795	24,193,448
- Foreign currency	1,945,270	-	1,749,247	-
- Other	46	46	5,372,039	5,356,432
<b>Forward contracts</b>				
<b>Purchase commitments:</b>	<b>20,342,333</b>	-	<b>10,832,256</b>	-
- Foreign currency	16,927,882	5,521,851	10,665,967	-
- Other	3,414,451	1,997,865	166,289	-
<b>Sale commitments:</b>	<b>12,822,617</b>	-	<b>12,577,142</b>	-
- Foreign currency	11,406,031	-	12,130,743	1,464,776
- Other	1,416,586	-	446,399	280,110
<b>Swap contracts</b>				
<b>Assets (long position):</b>	<b>73,776,538</b>	-	<b>46,125,744</b>	-
- Interbank market	18,651,884	5,207,386	20,684,270	1,595,138
- Fixed rate	43,907,461	18,799,095	9,856,510	-
- Foreign currency	8,964,476	1,580,632	12,573,163	-
- IGPM	1,121,950	-	1,111,200	-

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- Other	1,130,767	-	1,900,601	-
<b>Liabilities (short position):</b>	<b>50,553,903</b>	-	<b>64,571,507</b>	-
- Interbank market	13,444,498	-	19,089,132	-
- Fixed rate	25,108,366	-	12,860,082	3,003,572
- Foreign currency	7,383,844	-	28,492,693	15,919,530
- IGPM	1,223,500	101,550	1,377,500	266,300
- Other	3,393,695	2,262,928	2,752,100	851,499

Derivatives include operations maturing in D+1.

(1) Includes cash flow hedges to protect CDI-related funding, totaling R\$1,171,885 thousand (R\$20,814,738 thousand in 2015) (Note 6f); and

(2) Includes specific hedges to protect assets and liabilities, arising from foreign investments, totaling R\$45,106,549 thousand (R\$43,909,631 thousand in 2015).

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****II) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost and fair market value**

	2016			On June 30 - R\$ thousand 2015		
	Original amortized cost	Mark-to-market adjustment	Fair market value	Original amortized cost	Mark-to-market adjustment	Fair market value
Adjustment payables - swaps (1)	20,204,175	(10,605,802)	9,598,373	10,626,097	(5,477,349)	5,148,744
Adjustment receivable - future	4,193,357	-	4,193,357	6,649	-	6,649
Receivable forward purchases	5,279,291	-	5,279,291	1,225,943	-	1,225,943
Receivable forward sales	2,693,312	-	2,693,312	419,321	-	419,321
Premiums on exercisable options	207,908	13,962	221,870	189,562	31,633	221,195
<b>Total assets (A)</b>	<b>32,578,043</b>	<b>(10,591,840)</b>	<b>21,986,203</b>	<b>12,467,572</b>	<b>(5,445,716)</b>	<b>7,021,856</b>
Adjustment payables - swaps	(5,857,832)	(1,794,671)	(7,652,503)	(4,088,655)	(241,374)	(4,330,029)
Adjustment receivable - future	(4,207,599)	-	(4,207,599)	(10,935)	-	(10,935)
Payable forward purchases	(4,321,914)	-	(4,321,914)	(548,133)	-	(548,133)
Payable forward sales/other	(1,554,787)	-	(1,554,787)	(549,085)	-	(549,085)
Premiums on written options	(185,697)	(5,261)	(190,958)	(140,161)	(4,477)	(144,638)
<b>Total liabilities (B)</b>	<b>(16,127,829)</b>	<b>(1,799,932)</b>	<b>(17,927,761)</b>	<b>(5,336,969)</b>	<b>(245,851)</b>	<b>(5,582,820)</b>
<b>Net Effect (A-B)</b>	<b>16,450,214</b>	<b>(12,391,772)</b>	<b>4,058,442</b>	<b>7,130,603</b>	<b>(5,691,567)</b>	<b>1,439,036</b>

(1) Includes receivable adjustments relating to hedge of assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities.

**III) Futures, options, forward and swap contracts – (Reference Value)**

	On June 30 - R\$ thousand					
	1 to 90	91 to 180	181 to 360	More than 360 days	2016	2015
	days	days	days			
Futures contracts (1)	84,828,514	4,526,714	45,212,808	53,067,997	187,636,033	156,664,939
Option contracts	19,377,033	620,878	1,905,529	2,125,315	24,028,755	110,492,775

Forward contracts	19,484,751	4,573,516	3,249,424	5,857,259	33,164,950	23,409,398
Swap contracts (1)	28,462,871	9,397,724	4,763,346	81,706,500	124,330,441	110,697,251
<b>Total in 2016</b>	<b>152,153,169</b>	<b>19,118,832</b>	<b>55,131,107</b>	<b>142,757,071</b>	<b>369,160,179</b>	
<b>Total in 2015</b>	<b>190,066,617</b>	<b>65,683,019</b>	<b>71,495,299</b>	<b>74,019,428</b>		<b>401,264,363</b>

(1) Includes contracts relating to hedges for the protection of assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities.

#### IV) Types of margin offered in guarantee of derivative financial instruments, mainly futures contracts

	On June 30 - R\$ thousand	
	2016	2015
<b>Government securities</b>		
National treasury notes	4,999,565	3,620,092
National treasury bills	1,625,552	-
Financial treasury bills	50,407	5,691
<b>Total</b>	<b>6,675,524</b>	<b>3,625,783</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****V) Revenues and expenses, net**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Swap contracts (1)	1,412,950	104,186
Forward contracts	391,220	(413,980)
Option contracts	(281,437)	44,001
Futures contracts (1) (2)	11,370,434	(1,322,354)
<b>Total (Note 6h)</b>	<b>12,893,167</b>	<b>(1,588,147)</b>

(1) Includes the gain (loss) and the respective adjustment to the market capitalization of the hedge for protection of the assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments; and

(2) Includes, on June 30, 2016, the results and respective adjustment to the market value of the hedge of the firm commitment, concerning the purchase and sale of shares agreement, which was offset, completely, by the adjustment of the market value of the hedge object (Nota 33e).

**VI) Reference values of derivative financial instruments, by trading location and counterparts**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
CETIP (over-the-counter)	125,207,553	91,936,669
BM&FBOVESPA (stock exchange)	213,347,392	275,038,635
Overseas (over-the-counter) (1)	18,840,877	16,934,059
Overseas (stock exchange) (1)	11,764,357	17,355,000
<b>Total</b>	<b>369,160,179</b>	<b>401,264,363</b>

(1) Comprised of operations carried out on the Chicago and New York Stock Exchanges and over-the-counter markets.

**e) Credit Default Swaps (CDS)**

On June 30, 2016, Bradesco had credit default swaps (CDS) with the following characteristics: the risk received in credit swaps whose underlying assets are: (a) "debt securities issued by companies", in the amount of R\$128,392 thousand and (b) "public debt bonds issued by the Brazilian government", in the amount of R\$144,441 thousand (in 2015 – (i) the amount of risk transferred under credit swaps whose underlying assets are "securities – securities of foreign government debt" is negative R\$(1,326,900) thousand; and (ii) the risk received in credit swaps whose underlying assets are "derivative with companies" is R\$81,071 thousand, amounting to a total net credit risk value of negative R\$(1,245,829) thousand), with an effect on the calculation of required shareholders' equity of negative R\$(14,123) thousand ((R\$64,062) thousand in 2015). The contracts related to credit derivatives transactions described above are due in 2021. The mark-to-market of the protection, rates that remunerates the counterparty that received the risk, totaled R\$90 thousand. There were no credit events, as defined in the agreements, during the period.

**f) Cash flow hedge**

Bradesco uses cash flow hedges to protect: i) its cash flows from payment of interest rates on funds, regarding the floating interest rate of DI, being traded DI Future contracts on BM&FBOVESPA totaling R\$1,171,885 thousand (R\$20,814,738 thousand in 2015), having as object of hedge captures linked to DI, totaling R\$1,242,274 thousand (R\$21,133,663 thousand in 2015), converting to fixed cash flows; and ii) the cash flow receipts of interest on investments in securities, regarding the floating interest rate of DI through DI Future contracts, totaling R\$19,962,802 thousand, having as object of hedge DI-backed securities, totaling R\$19,588,712 thousand, converting to fixed cash flows. The adjustment to market value of these operations recorded in the net worth is R\$(4,447) thousand (R\$299,179 thousand in 2015), net of tax effects is R\$(2,668) thousand (R\$179,507 thousand in 2015) and R\$127,096 thousand, net of tax effects is R\$76,257 thousand, respectively. The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter No. 3,082/02.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****g) Hedge against market risk**

Bradesco constituted a hedge against market risk using the futures contracts and, later, with cash in foreign currencies (Note 5) which generated R\$(3,588,875) thousand, for protection from the effects of the exchange rate variation of the firm commitment, related to the contract for the purchase and sale of shares (Note 33f), which produced an adjustment at market value of R\$3,551,597 thousand. The effect of these operations resulted in the revenue of R\$(37,278) thousand. The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter No. 3,082/02.

**h) Income from securities and derivative financial instruments**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Fixed income securities	10,157,227	9,681,337
Interbank investments (Note 5b)	10,369,645	10,843,226
Equity securities (1)	(67,541)	29,843
<b>Subtotal</b>	<b>20,459,331</b>	<b>20,554,406</b>
Income from derivative financial instruments (Note 6d V)	12,893,167	(1,588,147)
<b>Total</b>	<b>33,352,498</b>	<b>18,966,259</b>

(1) In the first semester of 2016, it includes the losses through impairment to the sum of R\$108,294 thousand.

**7) INTERBANK ACCOUNTS – RESERVE REQUIREMENT****a) Reserve requirement**

	<b>Remuneration</b>	On June 30 - R\$ thousand	
		<b>2016</b>	<b>2015</b>
Reserve requirement – demand deposits	not remunerated	4,022,563	5,064,554
Reserve requirement – savings deposits	savings index	17,476,005	21,918,497

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Reserve requirement – time deposits	Selic rate	13,472,464	8,301,343
Additional reserve requirement – savings deposits	Selic rate	4,784,372	4,968,442
Additional reserve requirement – time deposits	Selic rate	8,408,948	8,660,210
Reserve requirement – SFH	TR + interest rate	720,365	634,918
<b>Total</b>		<b>48,884,717</b>	<b>49,547,964</b>

**b) Revenue from reserve requirement**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Reserve requirement – Bacen	2,551,760	2,026,427
Reserve requirement – SFH	22,905	8,982
<b>Total</b>	<b>2,574,665</b>	<b>2,035,409</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****8) LOANS**

Information relating to loans, including advances on foreign exchange contracts, leasing and other receivables with credit characteristics is shown below:

**a) By type and maturity**

On June 30 - R\$ thousand

Performing loans						Total in	Total in		
1 to 30	31 to 60	61 to 90	91 to 180	181 to 360	More than	2016 (A)	2015 (A)	% (5)	% (5)
days	days	days	days	days	360 days				
19,910,674	12,565,021	8,416,191	16,922,555	21,283,464	61,913,191	141,011,096	153,080,078	37.2	37.8
3,498,732	3,395,563	3,113,265	7,901,265	15,538,985	81,986,321	115,434,131	122,057,831	30.4	30.2
1,859,623	1,677,949	723,976	3,514,028	2,756,272	8,841,785	19,373,633	22,456,953	5.1	5.6
<b>25,269,029</b>	<b>17,638,533</b>	<b>12,253,432</b>	<b>28,337,848</b>	<b>39,578,721</b>	<b>152,741,297</b>	<b>275,818,860</b>	<b>297,594,862</b>	<b>72.7</b>	<b>73.6</b>
130,308	172,727	109,263	309,125	489,451	1,041,136	2,252,010	3,381,637	0.6	0.8
2,214,142	1,015,149	767,544	2,028,503	2,353,343	-	8,378,681	7,795,886	2.2	1.9
<b>27,613,479</b>	<b>18,826,409</b>	<b>13,130,239</b>	<b>30,675,476</b>	<b>42,421,515</b>	<b>153,782,433</b>	<b>286,449,551</b>	<b>308,772,385</b>	<b>75.5</b>	<b>76.3</b>
8,071,981	5,315,507	2,152,614	3,931,636	3,386,118	1,360,822	24,218,678	20,848,408	6.4	5.2
<b>35,685,460</b>	<b>24,141,916</b>	<b>15,282,853</b>	<b>34,607,112</b>	<b>45,807,633</b>	<b>155,143,255</b>	<b>310,668,229</b>	<b>329,620,793</b>	<b>81.9</b>	<b>81.5</b>
2,858,099	729,967	949,855	4,300,138	8,984,887	48,656,776	66,479,722	71,957,740	17.5	17.8
44,506	44,505	44,503	128,079	191,146	642,648	1,095,387	1,274,278	0.3	0.3
-	-	-	-	-	92,179	92,179	102,510	-	-
8,049	13,171	5,347	39,682	-	-	66,249	276,225	-	0.1
4,004	2,550	964	22,297	58,687	2,499	91,001	70,619	-	-
421,758	253,325	154,978	176,254	48,055	-	1,054,370	1,283,166	0.3	0.3
<b>39,021,876</b>	<b>25,185,434</b>	<b>16,438,500</b>	<b>39,273,562</b>	<b>55,090,408</b>	<b>204,537,357</b>	<b>379,547,137</b>	<b>100.0</b>		
<b>40,817,525</b>	<b>27,911,633</b>	<b>18,098,560</b>	<b>46,519,620</b>	<b>59,911,072</b>	<b>211,326,921</b>		<b>404,585,331</b>	<b>100.0</b>	

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	<b>Non-performing loans Past-due installments</b>						On June 30, 2016
	1 to 30	31 to 60	61 to 90	91 to 180	181 to 540	Total in	%
	days	days	days	days	days	2016 (B)	(5)
Discounted trade receivables and loans (1)	2,842,212	1,497,476	1,226,650	2,932,876	3,883,330	12,382,544	89.4
Financing	294,397	202,294	131,884	207,811	132,721	969,107	7.0
Agricultural and agribusiness loans	33,098	38,997	23,285	30,118	62,318	187,816	1.4
<b>Subtotal</b>	<b>3,169,707</b>	<b>1,738,767</b>	<b>1,381,819</b>	<b>3,170,805</b>	<b>4,078,369</b>	<b>13,539,467</b>	<b>97.8</b>
Leasing	11,373	9,310	7,050	10,998	8,269	47,000	0.3
Advances on foreign exchange contracts (2)	8,074	14,018	6,486	11,405	603	40,586	0.3
<b>Subtotal</b>	<b>3,189,154</b>	<b>1,762,095</b>	<b>1,395,355</b>	<b>3,193,208</b>	<b>4,087,241</b>	<b>13,627,053</b>	<b>98.4</b>
Other receivables (3)	27,049	36,517	53,480	82,577	21,967	221,590	1.6
<b>Grand total in 2016</b>	<b>3,216,203</b>	<b>1,798,612</b>	<b>1,448,835</b>	<b>3,275,785</b>	<b>4,109,208</b>	<b>13,848,643</b>	<b>100.0</b>
<b>Grand total in 2015</b>	<b>1,959,232</b>	<b>1,497,045</b>	<b>1,200,760</b>	<b>2,825,263</b>	<b>3,110,884</b>		<b>100.0</b>

	<b>Non-performing loans Installments not yet due</b>						On June 30, 2016
	1 to 30	31 to 60	61 to 90	91 to 180	181 to 360 days	More than 360 days	Total in
	days	days	days	days	days	days	2016 (C)
Discounted trade receivables and loans (1)	835,482	719,961	633,084	1,624,463	2,329,806	5,387,951	11,530,747
Financing	234,860	212,439	209,180	601,990	983,091	3,082,838	5,324,398
Agricultural and agribusiness loans	1,221	1,901	1,810	10,493	38,678	206,489	260,592
<b>Subtotal</b>	<b>1,071,563</b>	<b>934,301</b>	<b>844,074</b>	<b>2,236,946</b>	<b>3,351,575</b>	<b>8,677,278</b>	<b>17,115,737</b>
Leasing	10,592	10,018	9,407	25,963	39,836	72,274	168,090
<b>Subtotal</b>	<b>1,082,155</b>	<b>944,319</b>	<b>853,481</b>	<b>2,262,909</b>	<b>3,391,411</b>	<b>8,749,552</b>	<b>17,283,827</b>
Other receivables (3)	1,046	1,005	1,024	2,924	4,318	8,166	18,483
<b>Grand total in 2016</b>	<b>1,083,201</b>	<b>945,324</b>	<b>854,505</b>	<b>2,265,833</b>	<b>3,395,729</b>	<b>8,757,718</b>	<b>17,302,310</b>
<b>Grand total in 2015</b>	<b>1,034,514</b>	<b>848,736</b>	<b>783,032</b>	<b>1,936,972</b>	<b>2,964,981</b>	<b>7,236,846</b>	

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	Total in 2016	On June 30 - R\$ thousand	
		Grand total Total in 2015	% (5)
	<b>(A+B+C)</b>	<b>(A+B+C)</b>	<b>% (5)</b>
Discounted trade receivables and loans (1)	164,924,387	40.2 172,003,708	40.0
Financing	121,727,636	29.6 127,661,513	29.7
Agricultural and agribusiness loans	19,822,041	4.8 22,879,320	5.3
<b>Subtotal</b>	<b>306,474,064</b>	<b>74.6 322,544,541</b>	<b>75.0</b>
Leasing	2,467,100	0.6 3,659,531	0.9
Advances on foreign exchange contracts (2) (Note 9a)	8,419,267	2.0 7,835,451	1.8
<b>Subtotal</b>	<b>317,360,431</b>	<b>77.2 334,039,523</b>	<b>77.7</b>
Other receivables (3)	24,458,751	6.0 20,979,535	4.9
<b>Total loans</b>	<b>341,819,182</b>	<b>83.2 355,019,058</b>	<b>82.6</b>
Sureties and guarantees (4)	66,479,722	16.2 71,957,740	16.7
Loan assignment - real estate receivables certificate	1,095,387	0.3 1,274,278	0.3
Co-obligation from assignment of rural loan (4)	92,179	- 102,510	-
Loans available for import (4)	66,249	- 276,225	0.1
Confirmed exports loans (4)	91,001	- 70,619	-
Acquisition of credit card receivables	1,054,370	0.3 1,283,166	0.3
<b>Grand total in 2016</b>	<b>410,698,090</b>	<b>100.0</b>	
<b>Grand total in 2015</b>		<b>429,983,596</b>	<b>100.0</b>

(1) Including credit card loans and advances on credit card receivables of R\$16,602,784 thousand (R\$17,004,023 thousand in 2015);

(2) Advances on foreign exchange contracts are classified as a deduction from "Other Liabilities";

(3) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$20,036,092 thousand (R\$18,189,532 thousand in 2015);

(4) Recorded in off-balance sheet accounts; and

(5) Percentage of each type in relation to the total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****b) By type and levels of risk**

	<b>Levels</b>					
	<b>AA</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Discounted trade receivables and loans	22,244,673	77,567,129	10,950,787	22,824,628	7,712,260	4,187,208
Financing	49,850,220	20,945,276	37,495,565	8,584,192	1,645,106	776,431
Agricultural and agribusiness loans	2,674,691	2,519,942	7,931,863	5,673,314	585,860	219,015
<b>Subtotal</b>	<b>74,769,584</b>	<b>101,032,347</b>	<b>56,378,215</b>	<b>37,082,134</b>	<b>9,943,226</b>	<b>5,182,654</b>
Leasing	411,488	388,046	1,378,105	45,030	59,076	23,332
Advances on foreign exchange contracts (2)	3,413,525	2,809,194	1,141,564	878,420	100,726	42,865
<b>Subtotal</b>	<b>78,594,597</b>	<b>104,229,587</b>	<b>58,897,884</b>	<b>38,005,584</b>	<b>10,103,028</b>	<b>5,248,851</b>
Other receivables	2,853,128	15,941,026	1,786,258	2,981,423	176,309	82,450
<b>Grand total in 2016</b>	<b>81,447,725</b>	<b>120,170,613</b>	<b>60,684,142</b>	<b>40,987,007</b>	<b>10,279,337</b>	<b>5,331,301</b>
<b>%</b>	<b>23.8</b>	<b>35.2</b>	<b>17.7</b>	<b>12.0</b>	<b>3.0</b>	<b>1.6</b>
<b>Grand total in 2015</b>	<b>77,579,344</b>	<b>139,848,553</b>	<b>62,857,710</b>	<b>46,069,401</b>	<b>7,167,490</b>	<b>3,845,964</b>
<b>%</b>	<b>21.9</b>	<b>39.4</b>	<b>17.7</b>	<b>13.0</b>	<b>2.0</b>	<b>1.1</b>

(1) Percentage of each type in relation to the total loan portfolio, excluding sureties and guarantees, loan assignments, acquisition of receivables and co-obligation in rural loan assignments; and

(2) See Note 9a.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****c) Maturity ranges and levels of risk**

	Levels of risk								Total in 2016
	Non-performing loans								
	AAA	B	C	D	E	F	G	H	
<b>Installments not yet due</b>	-	-1,897,359	3,336,831	2,941,242	2,053,715	1,266,464	1,116,863	4,689,836	17,302,3
1 to 30	-	175,581	261,113	147,164	87,602	72,239	59,606	279,896	1,083,2
31 to 60	-	133,919	212,003	135,371	102,900	65,909	51,808	243,414	945,3
61 to 90	-	115,935	165,627	121,756	90,837	63,332	49,680	247,338	854,5
91 to 180	-	205,320	419,630	345,635	349,979	169,653	135,978	639,638	2,265,8
181 to 360	-	300,799	632,325	539,954	388,162	260,919	273,101	1,000,469	3,395,7
More than 360	-	965,805	1,646,133	1,651,362	1,034,235	634,412	546,690	2,279,081	8,757,7
<b>Past-due installments (2)</b>	-	-514,635	-1,205,206	-1,369,060	-1,175,782	-1,116,046	-1,061,693	-7,406,221	-13,848,6
1 to 14	-	24,101	124,352	85,458	83,107	65,880	74,764	1,370,338	1,828,0
15 to 30	-	479,147	322,933	170,089	139,972	50,963	34,426	190,673	1,388,2
31 to 60	-	11,387	737,163	386,461	164,283	99,604	83,973	315,741	1,798,6
61 to 90	-	-	16,474	671,441	201,885	119,284	89,616	350,135	1,448,8
91 to 180	-	-	4,284	55,611	575,396	757,284	757,575	1,125,635	3,275,7
181 to 360	-	-	-	-	11,139	23,031	21,339	3,978,046	4,033,5
More than 360	-	-	-	-	-	-	-	75,653	75,6
<b>Subtotal</b>	-	-2,411,994	4,542,037	4,310,302	3,229,497	2,382,510	2,178,556	12,096,057	31,150,9
Specific provision	-	24,120	136,261	431,030	968,849	1,191,255	1,524,989	12,096,057	16,372,5

(1) Percentage of maturities by type of installment; and

(2) For transactions with terms of more than 36 months, past-due periods are doubled, as permitted by CMN Resolution No. 2,682/99.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	Levels of risk Performing loans							G
	AA	A	B	C	D	E	F	
<b>Installments not yet due</b>	<b>81,447,725</b>	<b>120,170,613</b>	<b>58,272,148</b>	<b>36,444,970</b>	<b>5,969,035</b>	<b>2,101,804</b>	<b>1,003,555</b>	<b>579,9</b>
1 to 30	7,163,925	16,860,008	3,617,171	6,183,430	696,009	369,776	132,948	73,5
31 to 60	4,478,869	11,547,473	2,509,184	4,456,897	559,490	193,853	50,786	67,5
61 to 90	3,871,786	6,733,143	1,707,825	2,461,588	169,066	59,409	51,920	53,6
91 to 180	9,003,457	13,512,989	4,431,407	5,629,627	371,383	164,019	121,366	72,3
181 to 360	13,923,062	19,406,562	5,633,285	5,240,527	573,578	375,237	110,009	73,5
More than 360	43,006,626	52,110,438	40,373,276	12,472,901	3,599,509	939,510	536,526	239,1
Generic provision	-	601,639	582,721	1,093,349	596,904	630,541	501,777	405,9
<b>Grand total in 2016 (2)</b>	<b>81,447,725</b>	<b>120,170,613</b>	<b>60,684,142</b>	<b>40,987,007</b>	<b>10,279,337</b>	<b>5,331,301</b>	<b>3,386,065</b>	<b>2,758,5</b>
Existing provision	-	872,366	848,812	2,603,886	3,068,218	2,656,792	2,363,528	2,686,2
Minimum required provision	-	601,639	606,841	1,229,610	1,027,934	1,599,390	1,693,032	1,930,9
Excess provision (3)	-	270,727	241,971	1,374,276	2,040,284	1,057,402	670,496	755,3
<b>Grand total in 2015 (2)</b>	<b>77,579,344</b>	<b>139,848,553</b>	<b>62,857,710</b>	<b>46,069,401</b>	<b>7,167,490</b>	<b>3,845,964</b>	<b>3,582,843</b>	<b>2,144,0</b>
Existing provision	-	746,995	689,516	2,090,389	2,036,534	1,904,361	2,288,401	2,120,6
Minimum required provision	-	699,292	628,577	1,382,081	716,749	1,153,789	1,791,422	1,500,8
Excess provision (3)	-	47,703	60,939	708,308	1,319,785	750,572	496,979	619,8

(1) Percentage of maturities by type of installment;

(2) The grand total includes performing loans of R\$310,668,229 thousand (R\$329,620,793 thousand in 2015) and non-performing loans of R\$31,150,953 thousand (R\$25,398,265 thousand in 2015); and

(3) On June 30, 2016, it includes a provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is presented here within the balance for the excess provision, and totals R\$1,856,267 thousand (R\$511,396 thousand in 2015) (Note 19b).

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****d) Concentration of loans**

	On June 30 - R\$ thousand			
	2016	% (1)	2015	% (1)
Largest borrower	8,329,219	2.4	10,487,111	3.0
10 largest borrowers	30,349,969	8.9	30,940,260	8.7
20 largest borrowers	45,140,006	13.2	44,833,721	12.6
50 largest borrowers	65,199,798	19.1	64,535,133	18.2
100 largest borrowers	79,677,403	23.3	78,955,517	22.2

(1) Percentage on total portfolio (as defined by Bacen),

**e) By economic sector**

	On June 30 - R\$ thousand			
	2016	%	2015	%
<b>Public sector</b>	<b>8,331,289</b>	<b>2.4</b>	<b>10,501,385</b>	<b>3.0</b>
<b>Federal government</b>	<b>8,329,219</b>	<b>2.4</b>	<b>10,487,111</b>	<b>3.0</b>
Petrochemical	8,329,219	2.4	10,487,111	3.0
<b>State government</b>	<b>2,070</b>	<b>-</b>	<b>14,274</b>	<b>-</b>
Production and distribution of electricity	2,070	-	14,274	-
<b>Private sector</b>	<b>333,487,893</b>	<b>97.6</b>	<b>344,517,673</b>	<b>97.0</b>
<b>Manufacturing</b>	<b>56,002,155</b>	<b>16.3</b>	<b>60,439,431</b>	<b>17.0</b>
Food products and beverages	11,894,117	3.5	13,197,221	3.7
Steel, metallurgy and mechanics	9,717,853	2.8	10,249,347	2.9
Light and heavy vehicles	8,127,333	2.4	6,695,148	1.9
Pulp and paper	4,318,828	1.3	4,132,986	1.2
Chemical	3,172,113	0.9	4,726,080	1.3
Rubber and plastic articles	2,481,221	0.7	2,824,796	0.8
Textiles and apparel	2,480,670	0.7	3,206,813	0.9
Extraction of metallic and non-metallic ores	2,310,935	0.7	2,295,786	0.6
Automotive parts and accessories	2,042,977	0.6	2,073,083	0.6
Non-metallic materials	1,831,101	0.5	2,063,372	0.5
Furniture and wood products	1,809,580	0.5	2,150,036	0.6
Oil refining and production of alcohol	1,230,881	0.4	1,710,494	0.5
Leather articles	883,652	0.3	836,662	0.2
Electric and electronic products	802,681	0.2	1,332,202	0.4

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Publishing, printing and reproduction	458,823	0.1	537,606	0.2
Other industries	2,439,390	0.7	2,407,799	0.7
Commerce	<b>36,299,850</b>	<b>10.5</b>	<b>41,283,922</b>	<b>11.6</b>
Merchandise in specialty stores	6,905,409	2.0	7,869,890	2.2
Non-specialized retailer	4,540,792	1.3	5,519,345	1.5
Food products, beverages and tobacco	4,273,878	1.3	4,856,149	1.4
Clothing and footwear	2,904,007	0.8	3,057,929	0.9
Waste and scrap	2,831,642	0.8	3,626,012	1.0
Automobile	2,747,575	0.8	3,101,390	0.9
Motor vehicle repairs, parts and accessories	2,590,635	0.8	2,905,800	0.8
Agricultural products	1,875,368	0.5	2,536,933	0.7
Grooming and household articles	1,822,872	0.5	2,109,805	0.6
Fuel	1,656,070	0.5	1,859,280	0.5
Wholesale of goods in general	946,248	0.3	1,036,086	0.3

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	On June 30 - R\$ thousand			
	2016	%	2015	%
Trading intermediary	835,470	0.2	974,347	0.3
Other commerce	2,369,884	0.7	1,830,956	0.5
<b>Financial intermediaries</b>	<b>2,648,302</b>	<b>0.8</b>	<b>2,647,761</b>	<b>0.7</b>
Services	<b>87,605,973</b>	<b>25.8</b>	<b>94,448,183</b>	<b>26.6</b>
Civil construction	22,544,707	6.6	23,144,521	6.5
Transportation and storage	16,022,150	4.7	17,174,880	4.8
Real estate activities. rentals and corporate services	13,365,041	3.9	12,716,032	3.6
Holding companies. legal. accounting and business advisory services	7,127,961	2.1	7,010,479	2.0
Clubs. leisure. cultural and sport activities	5,166,934	1.5	5,329,362	1.5
Production and distribution of electric power. gas and water	4,429,341	1.3	4,929,125	1.4
Social services. education. health. defense and social security	2,982,320	0.9	2,968,776	0.9
Hotels and catering	2,836,159	0.8	2,872,518	0.8
Telecommunications	307,456	0.1	754,612	0.2
Other services	12,823,904	3.9	17,547,878	4.9
<b>Agriculture. cattle raising. fishing. forestry and timber industry</b>	<b>3,020,419</b>	<b>0.9</b>	<b>3,466,653</b>	<b>1.0</b>
<b>Individuals</b>	<b>147,911,194</b>	<b>43.3</b>	<b>142,231,723</b>	<b>40.1</b>
<b>Total</b>	<b>341,819,182</b>	<b>100.0</b>	<b>355,019,058</b>	<b>100.0</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

*Notes to the Financial Statements of the Prudential Conglomerate*

## f) Breakdown of loans and allowance for loan losses

Level of risk	Non-performing loans		Portfolio balance		Total	% (1)
	Installments past due	Installments not yet due	Total - non-performing loans	Performing loans		
AA	-	-	-	81,447,725	81,447,725	23.8
A	-	-	-	120,170,613	120,170,613	35.2
B	514,635	1,897,359	2,411,994	58,272,148	60,684,142	17.7
C	1,205,206	3,336,831	4,542,037	36,444,970	40,987,007	12.0
<b>Subtotal</b>	<b>1,719,841</b>	<b>5,234,190</b>	<b>6,954,031</b>	<b>296,335,456</b>	<b>303,289,487</b>	<b>88.7</b>
D	1,369,060	2,941,242	4,310,302	5,969,035	10,279,337	3.0
E	1,175,782	2,053,715	3,229,497	2,101,804	5,331,301	1.6
F	1,116,046	1,266,464	2,382,510	1,003,555	3,386,065	1.0
G	1,061,693	1,116,863	2,178,556	579,944	2,758,500	0.8
H	7,406,221	4,689,836	12,096,057	4,678,435	16,774,492	4.9
<b>Subtotal</b>	<b>12,128,802</b>	<b>12,068,120</b>	<b>24,196,922</b>	<b>14,332,773</b>	<b>38,529,695</b>	<b>11.3</b>
<b>Grand total in 2016</b>	<b>13,848,643</b>	<b>17,302,310</b>	<b>31,150,953</b>	<b>310,668,229</b>	<b>341,819,182</b>	<b>100.0</b>
<b>%</b>	<b>4.0</b>	<b>5.1</b>	<b>9.1</b>	<b>90.9</b>	<b>100.0</b>	
<b>Grand total in 2015</b>	<b>10,593,184</b>	<b>14,805,081</b>	<b>25,398,265</b>	<b>329,620,793</b>	<b>355,019,058</b>	<b>100.0</b>
<b>%</b>	<b>3.0</b>	<b>4.2</b>	<b>7.2</b>	<b>92.8</b>	<b>100.0</b>	

(1) Percentage of level of risk in relation to the total portfolio; and

(2) Cumulative percentage of level of risk on total portfolio.

June 2016

## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

Level of risk	% Minimum provisioning required	Minimum required		Provision			Total	Ex
		Installments past due	Installments not yet due	Total specific	Generic	Total		
AA	-	-	-	-	-	-	-	-
A	0,5	-	-	-	601,639	601,639	2	
B	1,0	5,146	18,974	24,120	582,721	606,841	2	
C	3,0	36,156	100,105	136,261	1,093,349	1,229,610	1,3	
<b>Subtotal</b>		<b>41,302</b>	<b>119,079</b>	<b>160,381</b>	<b>2,277,709</b>	<b>2,438,090</b>	<b>1,8</b>	
D	10,0	136,906	294,124	431,030	596,904	1,027,934	2,0	
E	30,0	352,735	616,114	968,849	630,541	1,599,390	1,0	
F	50,0	558,023	633,232	1,191,255	501,777	1,693,032	6	
G	70,0	743,185	781,804	1,524,989	405,961	1,930,950	7	
H	100,0	7,406,221	4,689,836	12,096,057	4,678,435	16,774,492		
<b>Subtotal</b>		<b>9,197,070</b>	<b>7,015,110</b>	<b>16,212,180</b>	<b>6,813,618</b>	<b>23,025,798</b>	<b>4,5</b>	
<b>Grand total in 2016</b>		<b>9,238,372</b>	<b>7,134,189</b>	<b>16,372,561</b>	<b>9,091,327</b>	<b>25,463,888</b>	<b>6,4</b>	
<b>%</b>		<b>29.0</b>	<b>22.4</b>	<b>51.4</b>	<b>28.5</b>	<b>79.9</b>		
<b>Grand total in 2015</b>		<b>6,606,203</b>	<b>6,092,053</b>	<b>12,698,256</b>	<b>7,098,189</b>	<b>19,796,445</b>	<b>4,0</b>	
<b>%</b>		<b>27.8</b>	<b>25.6</b>	<b>53.4</b>	<b>29.8</b>	<b>83.2</b>		

(1) Percentage of existing provision in relation to total portfolio, by level of risk; and

(2) On June 30, 2016, it includes a provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is presented here within the balance for excess provision, and totals R\$1,856,267 thousand (R\$511,396 thousand in 2015) (Note 19b).

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****g) Changes in allowance for loan losses**

	Accrued on June 30 - R\$ thousand	
	2016	2015
<b>Opening balance</b>	<b>29,497,977</b>	<b>23,087,243</b>
- Specific provision (1)	14,273,631	11,946,960
- Generic provision (2)	8,814,824	7,134,243
- Excess provision (3) (4)	6,409,522	4,006,040
<b>Additions (Note 8h-1)</b>	<b>11,800,040</b>	<b>8,062,894</b>
<b>Write-offs/other</b>	<b>(9,423,635)</b>	<b>(7,349,580)</b>
<b>Closing balance</b>	<b>31,874,382</b>	<b>23,800,557</b>
- Specific provision (1)	16,372,561	12,698,256
- Generic provision (2)	9,091,327	7,098,189
- Excess provision (3) (4)	6,410,494	4,004,112

(1) For contracts with installments past due for more than 14 days;

(2) Recorded based on the customer/transaction classification and therefore not included in the preceding item;

(3) The additional provision is recorded based on Management's experience and the expectation in relation to the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risk, when considered together with the provision calculated based on levels of risk and the corresponding minimum percentage in the provision established by Resolution No. 2,682/99. The excess provision per customer was classified according to the level of risk in Note 8f; and

(4) On June 30, 2016, it includes the provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is presented here within the balance for excess provision, and totals R\$1.856.267 thousand (R\$511,396 thousand in 2015) (Note 19b).

**h) Allowance for Loan Losses expense net of amounts recovered**

Expenses with the allowance for loan losses, net of credit write-offs recovered, are as follows.

	Accrued on June 30 - R\$ thousand	
	2016	2015
Amount recorded (1)	11,800,041	8,062,894
Amount recovered (2)	(2,335,465)	(1,890,432)
<b>Allowance for Loan Losses expense net of amounts recovered</b>	<b>9,464,576</b>	<b>6,172,462</b>

(1) In the first semester of 2016, includes amount recorded of the provision of guarantees offered, comprising sureties, guarantees, letters of credit and standby letter of credit, which are presented in the "excess" provision, totaling R\$1,162,084 thousand (R\$89,800 thousand in 2015); and

(2) Classified in income from loans (Note 8j).

**i) Changes in the renegotiated portfolio**

	Accrued on June 30 - R\$ thousand	
	2016	2015
<b>Opening balance</b>	<b>12,732,277</b>	<b>10,777,178</b>
Amount renegotiated	7,204,903	6,251,970
Amount received	(3,515,909)	(3,415,276)
Write-offs	(2,537,620)	(2,047,629)
<b>Closing balance</b>	<b>13,883,651</b>	<b>11,566,243</b>
Allowance for loan losses	9,090,214	7,138,455
Percentage on renegotiated portfolio	65.5%	61.7%

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****j) Income from loans and leasing**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Discounted trade receivables and loans	23,792,396	21,953,463
Financing	7,601,597	7,234,773
Agricultural and agribusiness loans	913,669	726,173
<b>Subtotal</b>	<b>32,307,662</b>	<b>29,914,409</b>
Recovery of credits charged-off as losses	2,335,465	1,890,432
<b>Subtotal</b>	<b>34,643,127</b>	<b>31,804,841</b>
Leasing, net of expenses	160,744	268,904
<b>Total</b>	<b>34,803,871</b>	<b>32,073,745</b>

**k) Conciliation of the composition of the portfolio of financial leasing, at present value, with the accounting balances (Notes 3g and 8b):**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Financial leases receivable	2,310,803	3,447,471
Income to be appropriated for financial leases receivable	(2,220,258)	(3,385,437)
Financial leased assets plus the losses in leases (net)	7,877,802	10,785,477
<b>Accrued depreciation on asset finance leasing:</b>	<b>(2,858,542)</b>	<b>(3,814,271)</b>
- Accumulated depreciation	(4,953,168)	(6,557,448)
- Difference in depreciation	2,094,626	2,743,177
Anticipated guaranteed residual value (Note 19b)	(2,642,705)	(3,373,709)
<b>Total of the present value</b>	<b>2,467,100</b>	<b>3,659,531</b>

**9) OTHER RECEIVABLES****a) Foreign exchange portfolio****Balances**

	On June 30 - R\$ thousand	
	2016	2015
<b>Assets – other receivables</b>		
Exchange purchases pending settlement	8,658,659	12,307,567
Exchange sale receivables	25,208,159	4,316,796
(-) Advances in domestic currency received	(392,366)	(452,988)
Income receivable on advances granted	101,165	74,134
<b>Total</b>	<b>33,575,617</b>	<b>16,245,509</b>
<b>Liabilities – other liabilities</b>		
Exchange sales pending settlement	24,411,712	4,361,675
Exchange purchase payables	9,422,529	11,611,070
(-) Advances on foreign exchange contracts	(8,419,267)	(7,835,451)
Other	10,850	4,737
<b>Total</b>	<b>25,425,824</b>	<b>8,142,031</b>
<b>Net foreign exchange portfolio</b>	<b>8,149,793</b>	<b>8,103,478</b>
<b>Off-balance-sheet accounts:</b>		
- Loans available for import	66,249	276,225
- Confirmed exports loans	91,001	70,619

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****Foreign exchange results****Adjusted foreign exchange results for presentation purposes**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
<b>Foreign exchange income</b>	<b>(3,828,709)</b>	<b>1,252,434</b>
<b>Adjustments:</b>		
- Income on foreign currency financing (1)	66,736	139,402
- Income on export financing (1)	989,057	685,895
- Income on foreign investments (2)	1,772	26,940
- Expenses of liabilities with foreign bankers (3) (Note 16c)	66,308	(769,822)
- Funding expenses (4)	(806,526)	(424,604)
- Other	4,270,806	(408,682)
<b>Total adjustments</b>	<b>4,588,153</b>	<b>(750,871)</b>
<b>Adjusted foreign exchange income</b>	<b>759,444</b>	<b>501,563</b>

(1) Recognized in "Income from loans";

(2) Recognized in "Income from security transactions";

(3) Related to funds for financing of advances on foreign exchange contracts and import financing, recognized in "Borrowing and on-lending expenses"; and

(4) Refers to funding expenses of investments in foreign exchange.

**b) Sundry**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Deferred tax assets (Note 32c) Parte superior do formulário	43,620,754	33,721,507
Credit card operations	21,090,462	19,472,698
Debtors for escrow deposits	10,900,630	9,760,269

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Trade and credit receivables (1)	5,447,864	3,605,496
Prepaid taxes	5,031,490	4,785,597
Other debtors	4,789,910	5,483,531
Payments to be reimbursed	776,566	651,931
Receivables from sale of assets	90,357	87,578
Other Parte inferior do formulário	571,090	536,129
<b>Total</b>	<b>92,319,123</b>	<b>78,104,736</b>

(1) Primarily includes receivables from the acquisition of loans without substantial transfer of risks and benefits.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****10) OTHER ASSETS****a) Foreclosed assets/other**

			On June 30 - R\$ thousand	
	<b>Cost</b>	<b>Provision for losses</b>	<b>Cost net of provision 2016</b>	<b>2015</b>
Real estate	1,359,440	(221,782)	1,137,658	792,931
Vehicles and similar	583,996	(353,433)	230,563	219,016
Goods subject to special conditions	327,352	(327,352)	-	-
Inventories/warehouse	43,075	-	43,075	44,564
Machinery and equipment	27,692	(18,025)	9,667	4,501
Other	25,766	(18,517)	7,249	5,786
<b>Total in 2016</b>	<b>2,367,321</b>	<b>(939,109)</b>	<b>1,428,212</b>	
<b>Total in 2015</b>	<b>1,775,744</b>	<b>(708,946)</b>		<b>1,066,798</b>

**b) Prepaid expenses**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Commission on the placement of loans and financing (1)	536,610	1,055,567
Advertising and marketing expenses (2)	139,898	104,403
Other (3)	1,275,066	557,602
<b>Total</b>	<b>1,951,574</b>	<b>1,717,572</b>

(1) Commissions paid to storeowners, car dealers and correspondent banks – payroll-deductible loans;

(2) Prepaid expenses of future advertising and marketing campaigns on media; and

(3) It includes, basically, (i) anticipation of commissions concerning the operational agreement to offer credit cards and other products and (ii) card issue costs.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****11) INVESTMENTS**

The income/expense from the equity method accounting of investments was recorded in the income statement, under "Equity in the Earnings (Losses) of Unconsolidated and Jointly Controlled Companies", and correspond in the first semester of 2016 to R\$(6,807,698) thousand (R\$9,215,106 thousand in 2015) and the investments under the entry "Earnings of Affiliates and Subsidiaries" and correspond to R\$32,319,527 thousand (R\$32,972,199 thousand in 2015).

Companies (1)	Capital Stock	Shareholders' equity adjusted	Number of shares/ quotas held (in thousands)			Equity interest consolidated on capital stock	Adjusted income	Book value June 30, 2016	Equi adj 1s seme of 20
			Common	Preferred	Quotas				
Bradseg Participações S.A. (3)	11,440,979	24,028,758	7,542,117	-	-	97.11%	2,525,209	23,335,350	2,455
Rubi Holdings Ltda.	5,815,169	4,008,511	-	-	-5,815,169	99.92%	475,885	4,005,304	475
Tibre Holdings Ltda.	275,000	529,558	-	-	275,000	100.00%	28,693	529,558	28
BF Promotora de Vendas Ltda.	426,220	279,275	-	-	426,220	100.00%	(22,249)	279,275	(22)
Embaúba Holdings Ltda.	326,000	287,959	-	-	285,905	87.70%	14,342	252,540	14
Haitong Banco de Investimento do Brasil S.A.	420,000	655,640	12,734	12,734	-	20.00%	17,725	131,128	3
Bradescard Elo Participações S,A,	669,200	337,128	4,167,605	-	-	100.00%	20,813	337,128	20

Earnings of Affiliates and Subsidiaries Abroad	289,950	(3)
Other (4)	3,159,294	(2)
Foreign exchange gain/loss of branches abroad		(9,772)
<b>Total Earnings of Affiliates and Subsidiaries</b>		<b>32,319,527(6,807)</b>

(1) Data related to June 30, 2016;

(2) The adjustment considers income calculated periodically by the companies and includes equity variations recorded by the investees not recognized in profit or loss, as well as alignment of accounting practice adjustments, where applicable;

(3) Increased capital in March 2016, amount to R\$241 milion; and

(4) Basically, investments in the enterprises: Serel Participações em Imóveis S.A., Bankpar Consultoria e Serviços Ltda., Caetê Holdings Ltda., Ganant Corretora de Seguros Ltda., Miramar Holdings S.A., Neon Holdings S.A. and Imagra Imobiliária e Agrícola Ltda.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****12) PREMISES AND EQUIPMENT AND LEASED ASSETS**

	Annual rate of depreciation	Cost	Depreciation	On June 30 - R\$ thousand	
				Cost net of depreciation 2016	2015
Property and equipment:					
- Buildings	4%	39,358	(25,944)	13,414	14,267
- Land	-	5,513	-	5,513	5,514
Facilities, furniture and equipment in use	10%	4,378,214	(2,363,428)	2,014,786	1,937,374
Security and communication systems	10%	238,681	(165,057)	73,624	61,512
Data processing systems	20 to 50%	3,387,891	(2,213,343)	1,174,548	832,621
Transportation systems	20%	98,850	(37,466)	61,384	44,850
Fixed Assets in Course		499	-	499	383
<b>Subtotal</b>		<b>8,149,006</b>	<b>(4,805,238)</b>	<b>3,343,768</b>	<b>2,896,521</b>
Leased assets		7,877,802	(2,858,541)	5,019,261	6,971,207
<b>Grand total in 2016</b>		<b>16,026,808</b>	<b>(7,663,779)</b>	<b>8,363,029</b>	
<b>Grand total in 2015</b>		<b>18,291,138</b>	<b>(8,423,410)</b>		<b>9,867,728</b>

The fixed assets to net worth ratio is 33.8% when considering only the companies and payment institutions within the economic group (the "Prudential Conglomerate"), where the maximum limit is 50.0%.

**13) DEFERRED**

	Cost	Amortization	On June 30 - R\$ thousand	
			Cost net of amortization 2016	2015
Development of systems	1,492,067	(1,477,075)	14,992	49,431
<b>Grand total in 2016</b>	<b>1,492,067</b>	<b>(1,477,075)</b>	<b>14,992</b>	
<b>Grand total in 2015</b>	<b>1,731,053</b>	<b>(1,681,622)</b>		<b>49,431</b>



## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****14) INTANGIBLE ASSETS****a) Intangible assets**

Acquired intangible assets consist of:

				On June 30 - R\$ thousand	
	<b>Rate of Amortization (1)</b>	<b>Cost</b>	<b>Amortization</b>	<b>Cost net of amortization</b>	
				<b>2016</b>	<b>2015</b>
Acquisition of financial services rights	Contract (4)	4,393,360	(2,535,105)	1,858,255	1,598,930
Software (2)	20%	6,288,952	(3,316,429)	2,972,523	2,996,473
Future profitability/ client portfolio (3)	Up to 20%	2,760,664	(889,647)	1,871,017	1,954,912
Other (5)	Contract	2,982,417	(655,761)	2,326,656	2,657,273
<b>Total in 2016</b>		<b>16,425,393</b>	<b>(7,396,942)</b>	<b>9,028,451</b>	
<b>Total in 2015</b>		<b>15,174,943</b>	<b>(5,967,355)</b>		<b>9,207,588</b>

(1) Intangible assets are amortized over an estimated period of economic benefit and recognized in "other administrative expenses" and "other operating expenses", where applicable;

(2) Software acquired and/or developed by specialized companies;

(3) Composed of goodwill on the acquisition of equity interest in Banco Bradescard - R\$692,634 thousand, Cielo/Investees - R\$1,019,467 thousand and Banco Bradesco BBI S.A. - R\$137,200 thousand;

(4) Based on the pay-back of each agreement; and

(5) Includes the operational agreement between Cielo, our jointly-controlled subsidiary and Banco do Brasil, which created an association, to manage the transactions originating from credit card operations, which will be amortized within up to 30 years.

**b) Changes in intangible assets by type**

R\$ thousand

	Acquisition of banking rights	Software	Future profitability/ client portfolio	Other	2016	2015
<b>Initial balance</b>	<b>2,151,827</b>	<b>2,902,352</b>	<b>2,005,832</b>	<b>2,367,237</b>	<b>9,427,248</b>	<b>6,228,514</b>
Additions (reductions)	142,707	536,528	(97,064)	95,152	677,323	4,120,143
Amortization for the period	(436,279)	(466,357)	(37,751)	(135,733)	(1,076,120)	(1,141,069)
<b>Closing balance</b>	<b>1,858,255</b>	<b>2,972,523</b>	<b>1,871,017</b>	<b>2,326,656</b>	<b>9,028,451</b>	<b>9,207,588</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****15) DEPOSITS, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES****a) Deposits**

						On June 30 - R\$ thousand	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days		2016	2015
Demand deposits (1)	23,612,306	-	-	-	-	23,612,306	26,369,826
Savings deposits (1)	87,209,226	-	-	-	-	87,209,226	91,008,482
Interbank deposits	272,220	240,365	252	-	-	512,837	731,029
Time deposits (2)	6,937,181	11,564,968	7,762,827	42,525,409	-	68,790,385	79,025,611
<b>Grand total in 2016</b>	<b>118,030,933</b>	<b>11,805,333</b>	<b>7,763,079</b>	<b>42,525,409</b>	-	<b>180,124,754</b>	
%	65.5	6.6	4.3	23.6	-	100.0	
<b>Grand total in 2015</b>	<b>132,915,703</b>	<b>15,310,526</b>	<b>8,307,635</b>	<b>40,601,084</b>	-		<b>197,134,948</b>
%	67.4	7.8	4.2	20.6	-		100.0

(1) Classified as "1 to 30 days", not considering average historical turnover; and

(2) Considers the actual maturities of investments.

**b) Securities sold under agreements to repurchase**

						On June 30 - R\$ thousand	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days		2016	2015
<b>Own portfolio</b>	<b>32,051,310</b>	<b>37,150,695</b>	<b>10,149,696</b>	<b>43,177,570</b>	-	<b>122,529,271</b>	<b>112,538,944</b>
Government securities	23,517,132	219,324	21,173	5,148	-	23,762,777	34,040,450
Debentures of own issuance	2,251,008	34,305,064	10,128,523	41,970,734	-	88,655,329	71,964,862
Foreign	6,283,170	2,626,307	-	1,201,688	-	10,111,165	6,533,632
<b>Third-party portfolio (1)</b>	<b>117,213,232</b>	-	-	-	-	<b>-117,213,232</b>	<b>155,869,230</b>
<b>Unrestricted portfolio (1)</b>	<b>4,500,908</b>	<b>149,265</b>	-	-	-	<b>-4,650,173</b>	<b>2,063,819</b>

<b>Grand total in 2016</b>	<b>153,765,450</b>	<b>37,299,960</b>	<b>10,149,696</b>	<b>43,177,570</b>	<b>244,392,676</b>
<b>%</b>	<b>62.8</b>	<b>15.3</b>	<b>4.2</b>	<b>17.7</b>	<b>100.0</b>
<b>Grand total in 2015</b>	<b>197,247,919</b>	<b>35,507,790</b>	<b>19,653,842</b>	<b>18,062,442</b>	<b>270,471,993</b>
<b>%</b>	<b>72.9</b>	<b>13.1</b>	<b>7.3</b>	<b>6.7</b>	<b>100.0</b>

(1) Represented by government securities,

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****c) Funds from issuance of securities**

	On June 30 - R\$ thousand					
	1 to 30	31 to 180	181 to 360	More than	2016	2015
	days	days	days	360 days		
<b>Securities – Brazil:</b>						
- Mortgage bonds	-	-	-	-	-	198,635
- Letters of credit for real estate	1,609,698	5,516,291	10,464,786	6,172,101	23,762,876	17,424,426
- Letters of credit for agribusiness	1,932,168	3,805,700	993,899	1,508,986	8,240,753	8,652,898
- Financial bills	425,246	18,797,064	22,367,184	40,811,485	82,400,979	64,745,321
<b>Subtotal</b>	<b>3,967,112</b>	<b>28,119,055</b>	<b>33,825,869</b>	<b>48,492,572</b>	<b>114,404,608</b>	<b>91,021,280</b>
<b>Securities – Overseas:</b>						
- MTN Program Issues (1)	67,163	80,078	2,513,781	178,177	2,839,199	5,666,606
- Securitization of future flow of money orders received from overseas	11,039	479,298	466,627	2,533,653	3,490,617	2,445,378
<b>Subtotal</b>	<b>78,202</b>	<b>559,376</b>	<b>2,980,408</b>	<b>2,711,830</b>	<b>6,329,816</b>	<b>8,111,984</b>
<b>Structured operations certificates</b>	<b>52,856</b>	<b>153,129</b>	<b>149,764</b>	<b>81,043</b>	<b>436,792</b>	<b>403,921</b>
<b>Grand total in 2016</b>	<b>4,098,170</b>	<b>28,831,560</b>	<b>36,956,041</b>	<b>51,285,445</b>	<b>121,171,216</b>	
<b>%</b>	<b>3.4</b>	<b>23.8</b>	<b>30.5</b>	<b>42.3</b>	<b>100.0</b>	
<b>Grand total in 2015</b>	<b>5,068,354</b>	<b>16,727,462</b>	<b>22,838,930</b>	<b>54,902,439</b>		<b>99,537,185</b>
<b>%</b>	<b>5.1</b>	<b>16.8</b>	<b>22.9</b>	<b>55.2</b>		<b>100.0</b>

(1) Issuance of securities on the international market to invest in foreign exchange transactions, pre-export financing, import financing and working capital financing, predominately in the medium and long terms.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****d) Cost for market funding and inflation**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Savings deposits	3,210,335	3,063,380
Time deposits	3,175,928	4,632,852
Securities sold under agreements to repurchase	14,237,672	14,246,769
Funds from issuance of securities	10,297,090	5,697,530
Other funding expenses	210,814	234,496
<b>Total</b>	<b>31,131,839</b>	<b>27,875,027</b>

**16) BORROWING AND ON-LENDING****a) Borrowing**

	On June 30 - R\$ thousand					
	<b>1 to 30</b>	<b>31 to 180</b>	<b>181 to 360</b>	<b>More than</b>	<b>2016</b>	<b>2015</b>
	<b>days</b>	<b>days</b>	<b>days</b>	<b>360 days</b>		
Overseas	3,168,198	9,928,538	6,016,599	4,663,817	23,777,152	22,119,722
<b>Grand total in 2016</b>	<b>3,168,198</b>	<b>9,928,538</b>	<b>6,016,599</b>	<b>4,663,817</b>	<b>23,777,152</b>	
%	13.3	41.8	25.3	19.6	100.0	
<b>Grand total in 2015</b>	<b>2,882,463</b>	<b>9,588,642</b>	<b>6,111,422</b>	<b>3,537,195</b>		<b>22,119,722</b>
%	13.0	43.3	27.6	16.0		100.0

**b) On-lending**

	On June 30 - R\$ thousand					
	<b>1 to 30</b>	<b>31 to 180</b>	<b>181 to 360</b>	<b>More than</b>	<b>2016</b>	<b>2015</b>
	<b>days</b>	<b>days</b>	<b>days</b>	<b>360 days</b>		
<b>In Brazil</b>	<b>992,099</b>	<b>4,545,385</b>	<b>4,567,300</b>	<b>23,646,199</b>	<b>33,750,983</b>	<b>39,228,194</b>



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- National Treasury	-	44,438	-	-	44,438	30,931
- BNDES	259,570	1,270,400	1,154,078	8,496,979	11,181,027	11,498,972
- FINAME	731,762	3,229,604	3,411,923	15,149,220	22,522,509	27,682,447
- Other institutions	767	943	1,299	-	3,009	15,844
<b>Overseas</b>	-	1,250	-	-	1,250	3,738
<b>Grand total in 2016</b>	<b>992,099</b>	<b>4,546,635</b>	<b>4,567,300</b>	<b>23,646,199</b>	<b>33,752,233</b>	
<b>%</b>	<b>2.9</b>	<b>13.5</b>	<b>13.5</b>	<b>70.1</b>	<b>100.0</b>	
<b>Grand total in 2015</b>	<b>1,452,536</b>	<b>5,430,031</b>	<b>6,276,351</b>	<b>26,073,014</b>		<b>39,231,932</b>
<b>%</b>	<b>3.7</b>	<b>13.8</b>	<b>16.0</b>	<b>66.5</b>		<b>100.0</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****c) Borrowing and on-lending expenses**

	Accrued on June 30 - R\$ thousand	
	2016	2015
<b>Borrowing:</b>		
- In Brazil	162,920	11,487
- Overseas	165,350	95,724
<b>Subtotal borrowing</b>	<b>328,270</b>	<b>107,211</b>
<b>On-lending in Brazil:</b>		
- National Treasury	2,865	1,927
- BNDES	445,977	373,773
- FINAME	273,252	391,935
- Other institutions	34	779
<b>On-lending overseas:</b>		
- Payables to foreign bankers (Note 9a)	(66,308)	769,822
- Other expenses with foreign on-lending	(12,336,751)	8,707,167
<b>Subtotal on-lending</b>	<b>(11,680,931)</b>	<b>10,245,403</b>
<b>Total</b>	<b>(11,352,661)</b>	<b>10,352,614</b>

**17) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY****a) Contingent assets**

Contingent assets are not recognized in the financial statements, However, there are ongoing proceedings where the chance of success is considered probable, such as: a) Social Integration Program (PIS), claiming to offset PIS against Gross Operating Income, paid under Decree-Laws No. 2,445/88 and No. 2,449/88, regarding the payment that exceeded the amount due under Supplementary Law No. 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is being challenged, where the decision may lead to reimbursement of amounts paid.

**b) Provisions classified as probable losses and legal obligations – tax and social security**

Organização is a party to a number of labor, civil and tax lawsuits, arising from the normal course of business.

Management recorded provisions where based on their opinion and that of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, the loss is deemed probable.

Management considers that the provision is sufficient to cover the future losses generated by the respective lawsuits,

Provisions related to legal obligations are maintained until the conclusion of the lawsuit, represented by judicial decisions with no further appeals or due to the statute of limitation.

#### **I - Labor claims**

These are claims brought by former employees and outsourced employees seeking indemnifications, most significantly for unpaid “overtime”, pursuant to Article 224 of the Consolidation of Labor Laws (CLT), In proceedings in which a judicial deposit is used to guarantee the execution of the judgment, the labor provision is made considering the estimated loss of these deposits, For proceedings with similar characteristics and not judged, the provision is recorded based on the average calculated value of payments made for labor complaints settled in the past 12 months; and for proceedings originating from acquired banks, with unique characteristics, the calculation and assessment of the required balance is conducted periodically, based on the updated recent loss history.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

Overtime is monitored by using electronic time cards and paid regularly during the employment contract and, accordingly, the claims filed by former employees do not represent significant amounts.

**II - Civil claims**

These are claims for pain and suffering and property damages, mainly relating to protests, returned checks, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of Management and their legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts.

Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 times the minimum wage and do not have a significant impact on Organização financial position.

There are a significant number of legal claims pleading alleged differences in adjustment for inflation on savings account balances due to the implementation of economic plans that were part of the federal government's economic policy to reduce inflation in the '80s and '90s.

Although Bradesco complied with the law and regulation in force at the time, these lawsuits have been recorded in provisions, taking into consideration the claims where the Bank is the defendant and the perspective of loss, which is considered after the analysis of each demand, based on the current decision of the Superior Court of Justice (STJ).

Note that, regarding disputes relating to economic plans, the Federal Supreme Court (STF) suspended the prosecution of all lawsuits at the cognizance stage, until the Court issues a final decision on the right under litigation.

### III - Legal obligations – provision for tax risks

The Organização is disputing the legality and constitutionality of certain taxes and contributions in court, for which provisions have been recorded in full, although there is a good chance of a favorable outcome, based on the opinion of Management and their legal counsel. The processing of these legal obligations and the provisions for cases for which the risk of loss is deemed as probable is regularly monitored in the legal court. During or after the conclusion of each case, a favorable outcome may arise for the Organization, resulting in the reversal of the related provisions.

The main cases are:

- PIS and Cofins – R\$2,190,030 thousand (R\$1,991,639 thousand in 2015): a request for authorization to calculate and pay PIS and Cofins based on effective billing, as set forth in Article 2 of Supplementary Law No. 70/91, removing from the calculation base the unconstitutional inclusion of other revenues other than those billed;
- IRPJ/CSLL on losses of credits – R\$1,754,261 thousand (R\$2,108,335 thousand in 2015): we are requesting to deduct from income tax and social contributions payable (IRPJ and CSLL, respectively) amounts of actual and definite loan losses related to unconditional discounts granted during collections, regardless of compliance with the terms and conditions provided for in Articles 9 to 14 of Law No. 9,430/96 that only apply to temporary losses;
- PIS – EC 17/97 - R\$237,874 thousand (R\$229,245 thousand in 2015): for the period from July 1997 to February 1998, request to calculate and pay Pis contributions as established by LC 07/70 (Pis Repique) and not as established by EC 17/97 (Pis on Gross Operating Income).

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

- PIS – R\$332,776 thousand (R\$318,984 thousand in 2015): we are requesting the authorization to offset overpaid amounts in 1994 and 1995 as Pis contribution, corresponding to the surplus paid over that calculated on the tax base established in the Constitution, i.e., gross operating income, as defined in the income tax legislation (set out in Article 44 of Law No. 4,506/64), which excludes interest income; and
- Pension Contributions – R\$1,035,025 thousand (R\$954,991 thousand in 2015): official notifications related to the pension contributions on financial contributions in private pension plans, considered by the audit as compensatory sums subject to the incidence of such financial contributions and isolated fine for not withholding tax of the IRRF on the related financial contributions.

**IV - Provisions by nature**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Labor claims	2,931,745	2,547,766
Civil claims	3,349,732	3,272,841
<b>Subtotal (1)</b>	<b>6,281,477</b>	<b>5,820,607</b>
Provision for tax risks (2)	7,095,543	6,465,817
<b>Total</b>	<b>13,377,020</b>	<b>12,286,424</b>

(1) Note 19b; and

(2) Classified under "Other liabilities - tax and social security" (Note 19a).

**V - Changes in provisions**

	<b>Labor (1)</b>	<b>Civil</b>	<b>R\$ thousand Tax (2) (3)</b>
<b>Balance on December 31, 2015</b>	<b>2,876,624</b>	<b>3,321,586</b>	<b>6,376,654</b>
Adjustment for inflation	199,850	187,470	272,709
Provisions, net of reversals and write-offs	299,720	495,764	486,269

Payments	(444,449)	(655,088)	(40,089)
<b>Balance on June 30, 2016</b>	<b>2,931,745</b>	<b>3,349,732</b>	<b>7,095,543</b>

(1) Mainly include legal liabilities.

**c) Contingent liabilities classified as possible losses**

The Organização maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and, based on the opinion of legal counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed to have a possible risk of loss are not recorded as a liability in the financial statements. The main proceedings in this category are the following: a) leasing companies' Tax on Services of any Nature (ISSQN), total lawsuits correspond to R\$1,993,543 thousand (R\$1,872,384 thousand in 2015) which relates to the municipal tax demands from municipalities other than those in which the company is located and where, under law, tax is collected; b) 2006-2010 income tax and social contribution, relating to goodwill amortization being disallowed on the acquisition of investments, for the amount of R\$1,860,074 thousand (R\$977,141 thousand in 2015); c) IRPJ and CSLL deficiency notice relating to the disallowance of loan loss deductions, for the amount of R\$1,078,527 thousand (R\$1,046,158 thousand in 2015); and d) IRPJ and CSLL deficiency note relating to disallowance of exclusions of revenues from the mark-to-market of securities from 2007 to 2010, and differences in depreciation and operating expenses and income, amounting to R\$949,232 thousand (R\$1,287,426 thousand in 2015).

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****18) SUBORDINATED DEBT**

		On June 30 - R\$ thousand			
		Original term	Amount of	2016	2015
		in years	the operation		
<b>In Brazil:</b>					
<b>Subordinated CDB:</b>					
	2015 (1)	6	-	-	2,100,767
	2016 (4)	6	-	-	1,046
	2019	10	20,000	53,130	45,152
<b>Financial bills:</b>					
	2016 (4)	6	100,879	207,698	180,560
	2017	6	8,630,999	10,780,359	10,168,842
	2018	6	8,262,799	9,660,366	9,219,976
	2019	6	21,858	31,837	28,027
	2017	7	40,100	90,400	78,327
	2018	7	141,050	278,304	235,261
	2019	7	3,172,835	3,402,969	3,331,045
	2020	7	1,700	2,511	2,207
	2022 (2)	7	4,305,011	4,708,635	-
	2023 (5)	7	1,280,502	1,335,741	-
	2018	8	50,000	106,835	88,886
	2019	8	12,735	23,783	20,773
	2020	8	28,556	46,740	40,625
	2021	8	1,236	1,825	1,609
	2023 (2)	8	1,706,846	1,869,274	-
	2024 (5)	8	10,741	11,282	-
	2021	9	7,000	10,979	9,484
	2024 (2)	9	4,924	5,390	-
	2025 (5)	9	22,356	23,768	-
	2021	10	19,200	35,392	30,477
	2022	10	54,143	86,964	76,026
	2023	10	688,064	978,979	871,969
	2025 (2)	10	284,137	319,350	-
	2026 (5)	10	150,896	157,936	-
	2026 (2)	11	3,400	3,739	-
	Perpetual (2)	-	5,000,000	5,441,835	-
<b>CDB pegged to loans:</b>					
	2016 (4)	1	-	-	2,170



<b>Subtotal in Brazil</b>			<b>39,676,021</b>	<b>26,533,229</b>
<b>Overseas:</b>				
2019	10	1,333,575	2,448,877	2,366,654
2021	11	2,766,650	5,258,519	5,082,457
2022	11	1,886,720	3,588,849	3,467,347
<b>Subtotal overseas</b>			<b>11,296,245</b>	<b>10,916,458</b>
<b>Total (3)</b>			<b>50,972,266</b>	<b>37,449,687</b>

(1) Subordinated debt transactions that matured in 2015;

(2) New issues of financial letters in October, November and December 2015, referring to subordinate debts were recorded under the heading "Eligible Debt Capital Instruments";

(3) It includes the amount of R\$13,876,948 thousand, referring to subordinate debts recorded in "Eligible Debt Capital Instruments";

(4) Maturity of operations of subordinate debts in January 2016; and

(5) New issues of financial letters between January and June 2016, referring to subordinate debts were recorded under the heading "Eligible Debt Capital Instruments".

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****19) OTHER LIABILITIES****a) Tax and social security**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Provision for tax risk (Note 17b IV)	7,095,543	6,465,817
Provision for deferred income tax (Note 32e)	2,454,673	2,202,500
Taxes and contributions on profit payable	5,267,994	1,497,248
Taxes and contributions payable	1,266,954	971,378
<b>Total</b>	<b>16,085,164</b>	<b>11,136,943</b>

**b) Sundry**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Credit card operations	18,670,657	16,749,325
Sundry creditors (1)	9,944,419	10,696,650
Loan assignment obligations	8,063,811	7,206,040
Civil and labor provisions (Note 17b IV)	6,281,477	5,820,607
Provision for payments	3,750,502	3,948,001
Creditors by anticipation of residual value	2,642,705	3,373,709
Obligations by quotas of investment funds	2,586,206	2,994,753
Liabilities for acquisition of assets and rights	103,784	372,194
Other (2)	3,973,442	2,637,035
<b>Total</b>	<b>56,017,003</b>	<b>53,798,314</b>

(1) Includes provision for contingent liabilities, originating from obligations for transfer of credits, totaling R\$200,442 thousand (Note 27); and

(2) Includes provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is presented here within the balance for excess provision, totaling R\$1,856,267 thousand (R\$511,396 thousand in 2015) (Notes 8g and 27).

**20) NON-CONTROLLING INTERESTS IN SUBSIDIARIES**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Banco Bradesco BBI S,A,	15,170	13,625
Other	95	86
<b>Total</b>	<b>15,265</b>	<b>13,711</b>

**21) SHAREHOLDERS' EQUITY (PARENT COMPANY)****a) Capital stock in number of shares**

Fully subscribed and paid-in capital stock comprises non-par, registered, book-entry shares.

	On June 30	
	<b>2016 (1)</b>	<b>2015</b>
Common shares	2,776,801,011	2,524,364,555
Preferred shares	2,776,800,721	2,524,364,292
<b>Subtotal</b>	<b>5,553,601,732</b>	<b>5,048,728,847</b>
Treasury (common shares)	(4,575,045)	(3,669,932)
Treasury (preferred shares)	(17,141,588)	(13,175,162)
<b>Total outstanding shares</b>	<b>5,531,885,099</b>	<b>5,031,883,753</b>

(1) Includes effect of bonus of shares of 10%.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****b) Transactions of share capital involving quantities of shares**

	<b>Common</b>	<b>Preferred</b>	<b>Total</b>
<b>Number of outstanding shares as at December 31, 2015</b>	<b>2,520,694,623</b>	<b>2,508,781,030</b>	<b>5,029,475,653</b>
Increase of capital stock with issuing of shares – bonus of 10% (1)	252,436,456	252,436,429	504,872,885
Increase of shares in treasury – bonus of 10%	(415,913)	(1,558,326)	(1,974,239)
Shares acquired and not canceled	(489,200)	-	(489,200)
<b>Number of outstanding shares as at June 30, 2016</b>	<b>2,772,225,966</b>	<b>2,759,659,133</b>	<b>5,531,885,099</b>

(1) Benefited the shareholders registered in the records of Bradesco on April 15, 2016.

In the Extraordinary General Meeting of March 10, 2016, the approval was proposed by the Board of Directors to increase the capital stock by R\$8,000,000 thousand, increasing it from R\$43,100,000 thousand to R\$51,100,000 thousand, with a bonus in shares, through the capitalization of part of the balance of the account "Profit Reserves - Statutory Reserve", in compliance with the provisions in Article 169 of Law No. 6,404/76, by issuing 504,872,885 new nominative-book entry shares, with no nominal value, whereby 252,436,456 are common and 252,436,429 are preferred shares, attributed free-of-charge to the shareholders as bonus, to the ratio of 1 new share for every 10 shares of the same type that they own on the base date.

**c) Interest on shareholders' equity/dividends**

Bradesco's capital remuneration policy aims to distribute interest on shareholders' equity at the maximum amount calculated under current legislation, and this is included, net of Withholding Income Tax, in the calculation for mandatory dividends for the year under the Company's Bylaws.

The Board of Directors' Meeting held on June 22, 2016, approved the Board of Executive Officers' proposal to pay to the shareholders intermediary interest on shareholder's equity for the first semester of 2016, to the value of R\$1,002,000 thousand, of which R\$0.172525087 are per common share and R\$0.189777596 per preferred share, whose payment was made on July 18, 2016.

Interest on shareholders' equity for the first semester of 2016, is calculated as follows:

	R
	thou
Net income for the period	8,25
(-) Legal reserve	41
<b>Adjusted calculation basis</b>	<b>7,84</b>
Monthly, intermediaries and supplementary interest on shareholders' equity (gross), paid and/or provisioned	2,90
Withholding income tax on interest on shareholders' equity	(435
<b>Interest on own capital (net) accumulated in the first semester of 2016</b>	<b>2,47</b>
<b>Interest on own capital (net)/dividends accumulated in the first semester of 2015</b>	<b>2,60</b>

(1) Percentage of interest on shareholders' equity after adjustments.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

Interest on shareholders' equity were paid or recorded in provisions, as follows:

Description	Per share (gross)		Gross amount paid/recorded in provision	Withholding Income Tax (IRRF) (15%)	R\$ thousand
	Common shares	Preferred shares			Net amount paid/recorded in provision
Monthly interest on shareholders' equity paid	0.108211	0.119031	522,175	(78,326)	443,849
Supplementary interest paid on own capital	0.278866	0.306753	1,473,917	(221,088)	1,252,829
Interim dividends paid	0.172629	0.189892	912,000	-	912,000
<b>Total accrued on June 30, 2015</b>	<b>0.559706</b>	<b>0.615676</b>	<b>2,908,092</b>	<b>(299,414)</b>	<b>2,608,678</b>
Monthly interest on shareholders' equity paid	0.103499	0.113849	564,681	(84,702)	479,979
Intermediary interest on shareholders' equity paid (2)	0.172525	0.189778	1,002,000	(150,300)	851,700
Supplementary interest on shareholders' equity provisioned	0.230666	0.253733	1,339,674	(200,951)	1,138,723
<b>Total accrued on June 30, 2016</b>	<b>0.506690</b>	<b>0.557360</b>	<b>2,906,355</b>	<b>(435,953)</b>	<b>2,470,402</b>

(2) Paid on July 18, 2016.

**d) Treasury shares**

A total of 4,575,045 common shares and 17,141,588 preferred shares, with the share bonus effect of 10%, had been acquired, totaling R\$440,514 thousand until June 30, 2016, and remain in treasury. The minimum, average and maximum cost per common share is R\$19.34962, R\$24.55863 and R\$27.14350, and per preferred share is R\$19.37456, R\$26.98306 and R\$33.12855, respectively. The fair value was R\$27.01 per common share and R\$25.18 per preferred share on June 30, 2016.

**22) FEE AND COMMISSION INCOME**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Credit card income	4,685,651	4,358,618
Checking account	2,773,820	2,275,676
Loans	1,365,808	1,332,929
Asset management	811,165	777,549
Collections	528,077	518,592
Consortium management	568,079	498,144
Custody and brokerage services	309,433	263,089
Underwriting / Financial Advisory Services	366,689	298,597
Payments	186,778	196,177
Other	207,000	187,182
<b>Total</b>	<b>11,802,500</b>	<b>10,706,553</b>

**23) PAYROLL AND RELATED BENEFITS**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Salaries	3,136,578	2,884,760
Benefits	1,429,284	1,297,408
Social security charges	1,169,135	1,105,174
Employee profit sharing	662,168	612,818
Provision for labor claims	281,443	250,178
Training	43,803	49,766
<b>Total</b>	<b>6,722,411</b>	<b>6,200,104</b>

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****24) OTHER ADMINISTRATIVE EXPENSES**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Outsourced services	1,985,060	1,853,120
Depreciation and amortization	1,341,297	1,428,891
Data processing	857,665	708,992
Communication	793,058	741,346
Rental	706,345	684,713
Asset maintenance	491,208	499,978
Financial system services	450,342	393,767
Advertising and marketing	423,669	288,207
Transport	325,690	303,919
Security and surveillance	332,261	298,979
Water, electricity and gas	181,869	155,080
Supplies	144,967	154,039
Travel	37,189	44,919
Other	649,145	606,894
<b>Total</b>	<b>8,719,765</b>	<b>8,162,844</b>

**25) TAX EXPENSES**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Contribution for Social Security Financing (COFINS)	2,152,709	1,379,447
Social Integration Program (PIS) contribution	303,988	270,804
Tax on Services (ISSQN)	359,326	232,927
Municipal Real Estate Tax (IPTU) expenses	58,672	49,755
Other	111,445	102,489
<b>Total</b>	<b>2,986,140</b>	<b>2,035,422</b>

**26) OTHER OPERATING INCOME**

Accrued on June 30 - R\$ thousand



	<b>2016</b>	<b>2015</b>
Other interest income	1,258,397	1,135,170
Reversal of other operating provisions	608,241	985,980
Revenues from recovery of charges and expenses	100,204	94,536
Other (1)	1,138,525	998,149
<b>Total</b>	<b>3,105,367</b>	<b>3,213,835</b>

(1) In the first semester of 2016, it includes, the reversal of the provision for tax contingency, in the amount of R\$180,804 thousand (Note 17b (v)).

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****27) OTHER OPERATING EXPENSES**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Other finance costs	2,520,823	2,843,220
Sundry losses	858,769	909,097
Discount granted	676,819	705,352
Commissions on loans and financing	545,583	716,224
Intangible assets amortization	26,764	25,051
Other (1)	3,292,967	1,925,923
<b>Total</b>	<b>7,921,725</b>	<b>7,124,867</b>

(1) In the first semester of 2016, it includes: (i) provision for guarantees provided, encompassing guarantees, sureties, letters of credit and standby letter of credit, which is presented here within the balance for excess provision (Note 8h); (ii) provision for contingent liabilities, originating from obligations for transfer of credits – FCVS (Note 19b); and (iii) provision for tax contingency, in the amount of R\$665,031 thousand (R\$570,835 thousand in 2015) (Note 17b (v)).

**28) NON-OPERATING INCOME (LOSS)**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Gain/loss on sale and write-off of assets and investments (1)	(9,007)	(131,031)
Recording/reversal of non-operating provisions	(93,638)	(43,003)
Other	50,718	36,887
<b>Total</b>	<b>(51,927)</b>	<b>(137,147)</b>

(1) In the first semester of 2016, it includes primarily the result in divestiture of the shares of Banco CBSS S.A., in the amount of R\$162,665 thousand.

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****29) RELATED-PARTY TRANSACTIONS (DIRECT AND INDIRECT)**

a) Related party transactions (direct and indirect) are carried out under conditions and at rates consistent with those entered into with third parties, when applicable, and effective on the dates of the operations. The transactions are as follows:

	On June 30, 2016		On June 30, 2015		On June 30, 2014		Total
	Controllers (1)		Joint control and associated companies (2)		Key management personnel (3)		Total
	2016	2015	2016	2015	2016	2015	2016
<b>Assets</b>							
Receivable from associated companies	-	-	982,576	2,207,625	-	-	982,576
<b>Liabilities</b>							
Demand deposits/Savings accounts	41	20	398,879	244,504	14,100	16,220	413,020
Time deposits	92,725	91,883	303,791	285,317	67,136	61,784	463,652
Securities sold under repurchase agreements	1,523,845	142,656	4,473,846	5,619,738	18,449	43,008	6,016,140
Securities issued	5,639,266	592,765	8,321,785	4,150,282	714,699	586,171	14,675,750
Derivative financial instruments	15,186	-	-	-	-	-	15,186
Interest on own capital and dividends payable	878,212	763,187	-	-	-	-	878,212
Other liabilities	-	-	14,775	33,311	-	-	14,775

	On June 30, 2016		On June 30, 2015		On June 30, 2014		Total
	Controllers (1)		Joint control and associated companies (2)		Key management personnel (3)		Total
	2016	2015	2016	2015	2016	2015	2016
<b>Expenses</b>							
Financial intermediation expenses	(529,010)	(23,049)	(812,484)	(593,237)	(53,469)	(43,510)	(1,394,960)
Income from services provided	-	-	61	55	-	-	6
Expenses in operations with derivatives	(15,186)	-	-	-	-	-	(15,186)
Expenses administrative	(1,195)	(1,080)	(254,747)	(237,657)	-	-	(255,942)
Other expenses net of other operating revenues	-	-	(180,641)	(184,490)	-	-	(180,641)

(1) Cidade de Deus Cia. Cial. de Participações, Fundação Bradesco, NCF Participações S.A., Titanium Holdings S.A., BBD Participações S.A. and Nova Cidade de Deus Participações S.A.;

(2) Companies listed in Note 2; and

(3) Members of the Board of Directors and Executive Board.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

**b) Compensation for Key Management Personnel**

Each year, the Annual Shareholders' Meeting approves:

- The annual total amount of Management compensation, set forth at the Board of Directors Meetings, to be paid to board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance Management pension plans, within the Employee and Management pension plan of the Organization.

For 2016, the maximum amount of R\$441,700 thousand was set for Management compensation and R\$248,900 thousand to finance defined contribution pension plans.

The current policy on Management compensation sets forth that 50% of net variable compensation, if any, must be allocated to the acquisition of preferred shares of Banco Bradesco S.A., which vest in three equal, annual and successive installments, the first of which is in the year following the payment date. This procedure complies with CMN Resolution No. 3,921/10, which sets forth a management compensation policy for financial institutions.

**Short-term Management benefits**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Salaries	218,932	156,530
INSS contributions	49,082	35,143
<b>Total</b>	<b>268,014</b>	<b>191,673</b>

**Post-employment benefits**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Defined contribution supplementary pension plans	126,044	160,110
<b>Total</b>	<b>126,044</b>	<b>160,110</b>

Bradesco does not offer its Key Management Personnel long-term benefits related to severance pay or share-based compensation, pursuant to CPC 10 – Share-Based Payment, approved by CMN Resolution No. 3,989/11.

**Shareholding**

Together, members of the Board of Directors and Board of Executive Officers had the following shareholding in Bradesco:

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Common shares	0.60%	0.72%
Preferred shares	1.08%	1.05%
Total shares (1)	0.85%	0.89%

(1) On June 30, 2016, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 2.92% of common shares, 1.12% of preferred shares and 2.02% of all shares.

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****30) FINANCIAL INSTRUMENTS**

Below is the statement of financial position by currency

	On June 30 - R\$ thousand			
	2016		2015	
	Balance	Local	Foreign (1)	Foreign (1)
			(2)	(2)
<b>Assets</b>				
<b>Current and long-term assets</b>	<b>830,226,470</b>	<b>740,566,592</b>	<b>89,659,878</b>	<b>78,346,178</b>
Funds available	32,273,678	7,391,366	24,882,312	3,702,847
Interbank investments	138,706,031	134,694,514	4,011,517	1,128,427
Securities and derivative financial instruments	191,014,694	174,730,896	16,283,798	17,443,289
Interbank and interdepartmental accounts	50,095,997	50,095,997	-	-
Loan and leasing	277,746,415	243,943,132	33,803,283	42,137,876
Other receivables and assets	140,389,655	129,710,687	10,678,968	13,933,739
<b>Permanent assets</b>	<b>49,778,908</b>	<b>49,662,542</b>	<b>116,366</b>	<b>122,766</b>
Investments	32,372,436	32,372,436	-	-
Premises and equipment and leased assets	8,363,029	8,338,004	25,025	21,961
Deferred	14,992	14,992	-	-
Intangible assets	9,028,451	8,937,110	91,341	100,805
<b>Total</b>	<b>880,005,378</b>	<b>790,229,134</b>	<b>89,776,244</b>	<b>78,468,944</b>
<b>Liabilities</b>				
<b>Current and long-term liabilities</b>	<b>783,151,403</b>	<b>685,528,578</b>	<b>97,622,825</b>	<b>88,585,253</b>
Deposits	180,124,754	164,427,581	15,697,173	30,539,867
Securities sold under agreements to repurchase	244,392,676	234,281,511	10,111,165	6,533,632
Funds from issuance of securities	121,171,216	113,267,854	7,903,362	9,650,737
Interbank and interdepartmental accounts	4,912,773	2,288,890	2,623,883	2,259,647
Borrowing and on-lending	57,529,385	33,375,947	24,153,438	22,508,863
Derivative financial instruments	17,927,761	17,426,615	501,146	1,038,370
Other liabilities:				
- Subordinated debts	50,972,266	39,695,983	11,276,283	10,868,220
- Other	106,120,572	80,764,197	25,356,375	5,185,917
<b>Deferred income</b>	<b>480,824</b>	<b>480,824</b>	-	-
<b>Non-controlling interests in subsidiaries</b>	<b>15,265</b>	<b>15,265</b>	-	-
<b>Shareholders' equity</b>	<b>96,357,886</b>	<b>96,357,886</b>	-	-
<b>Total</b>	<b>880,005,378</b>	<b>782,382,553</b>	<b>97,622,825</b>	<b>88,585,253</b>



<b>Net position of assets and liabilities</b>	<b>(7,846,581)</b>	<b>(10,116,309)</b>
Net position of derivatives (2)	(39,258,839)	(25,021,264)
Other net off-balance-sheet accounts (3)	(92,397)	(963,549)
<b>Net exchange position (liability)</b>	<b>(47,197,817)</b>	<b>(36,101,122)</b>

(1) Amounts originally recorded and/or indexed mainly in USD;

(2) Excluding operations maturing in D+1, to be settled at the rate on the last day of the month; and

(3) Other commitments recorded in off-balance-sheet accounts,

Bradesco \_\_\_\_\_

## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Consolidated Financial Statements**

The statement of financial position by maturity is as follows:

	On June 30 - F				
	1 to 30	31 to 180	181 to 360	More than	Maturity
	days	days	days	360 days	not stated
<b>Assets</b>					
<b>Current and long-term assets</b>	<b>394,500,114</b>	<b>79,145,069</b>	<b>61,146,148</b>	<b>295,435,139</b>	<b>-8</b>
Funds available	32,273,678	-	-	-	-
Interbank investments (2)	136,146,423	2,031,608	234,589	293,411	-1
Securities and derivative financial instruments (1) (2)	89,301,836	5,942,038	7,861,761	87,909,059	-1
Interbank and interdepartmental accounts	49,380,678	-	-	715,319	-
Loan and leasing	29,015,878	57,169,135	39,233,672	152,327,730	-2
Other receivables and assets	58,381,621	14,002,288	13,816,126	54,189,620	-1
<b>Permanent assets</b>	<b>5,120,453</b>	<b>1,278,472</b>	<b>1,253,374</b>	<b>9,748,660</b>	<b>32,377,949</b>
Investments	-	-	-	-	-32,372,436
Premises and equipment	4,918,231	270,126	324,151	2,845,008	5,513
Deferred	250	1,249	1,499	11,994	-
Intangible assets	201,972	1,007,097	927,724	6,891,658	-
<b>Total in 2016</b>	<b>399,620,567</b>	<b>80,423,541</b>	<b>62,399,522</b>	<b>305,183,799</b>	<b>32,377,949</b>
<b>Total in 2015</b>	<b>405,509,087</b>	<b>93,139,992</b>	<b>63,981,893</b>	<b>249,108,498</b>	<b>33,029,644</b>
<b>Liabilities</b>					
<b>Current and long-term liabilities</b>	<b>372,258,468</b>	<b>94,175,995</b>	<b>71,871,693</b>	<b>244,845,247</b>	<b>-7</b>
Deposits (3)	118,030,933	11,805,333	7,763,079	42,525,409	-1
Securities sold under agreements to repurchase (2)	153,765,450	37,299,960	10,149,696	43,177,570	-2
Funds from issuance of securities	4,098,170	28,831,560	36,956,041	51,285,445	-1
Interbank and interdepartmental accounts	4,912,773	-	-	-	-
Borrowing and on-lending	4,160,297	14,475,173	10,583,899	28,310,016	-
Derivative financial instruments	17,030,805	518,993	220,790	157,173	-
Other liabilities:					
- Subordinated debts	245,552	207,698	3,964,671	46,554,345	-
- Other	70,014,488	1,037,278	2,233,517	32,835,289	-1
<b>Deferred income</b>	<b>480,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-controlling interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,265</b>
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-96,357,886</b>	<b>-</b>
<b>Total in 2016</b>	<b>372,739,292</b>	<b>94,175,995</b>	<b>71,871,693</b>	<b>244,845,247</b>	<b>96,373,151</b>
<b>Total in 2015</b>	<b>403,279,007</b>	<b>85,095,845</b>	<b>66,259,103</b>	<b>203,149,882</b>	<b>86,985,277</b>
<b>Net assets in 2016 YTD</b>	<b>26,881,275</b>	<b>13,128,821</b>	<b>3,656,650</b>	<b>63,995,202</b>	<b>-</b>

**Net assets in 2015 YTD** **2,230,080** **10,274,227** **7,997,017** **53,955,633** -

- (1) Investments in investment funds are classified as 1 to 30 days;
- (2) Repurchase agreements are classified according to the maturity of the transactions; and
- (3) Demand and savings deposits are classified as 1 to 30 days, without considering average historical turnover,

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****Below is the Basel Ratio:**

<b>Calculation basis - Basel Ratio</b>	<b>On June 30 - R\$ thousand</b>	
	<b>Prudential Conglomerate 2016</b>	<b>2015</b>
<b>Tier I capital</b>	<b>79,376,929</b>	<b>77,501,950</b>
<b>Common equity</b>	<b>79,376,929</b>	<b>77,501,950</b>
Shareholders' equity	96,357,886	86,971,566
Minority / Other	17,954	-
Prudential adjustments (1)	(16,998,911)	(9,469,616)
<b>Tier II capital</b>	<b>23,170,917</b>	<b>19,513,015</b>
Subordinated debts (CMN Resolution No. 4,192/13)	8,374,696	-
Subordinated debts ( previous to CMN Resolution No. 4,192/13)	14,796,221	19,513,015
<b>Reference Equity (a)</b>	<b>102,547,846</b>	<b>97,014,965</b>
- Credit risk	527,253,659	552,851,291
- Market risk	14,813,287	15,257,485
- Operational risk	38,501,528	39,117,366
<b>Risk-weighted assets – RWA (b)</b>	<b>580,568,474</b>	<b>607,226,142</b>
<b>Basel ratio (a/b)</b>	<b>17.7%</b>	<b>16.0%</b>
<b>Tier I capital</b>	<b>13.7%</b>	<b>12.8%</b>
- Principal capital	13.7%	12.8%
<b>Tier II capital</b>	<b>4.0%</b>	<b>3.2%</b>

(1) As from January 2016, the factor applied to prudential adjustments went from 40% to 60%, according to the timeline for application of deductions of prudential adjustments, defined in Article 11 of CMN Resolution No. 4,192/13.

**a) Capital Management**

The Basel Index is part of the set of indicators that are monitored and evaluated in the process of Capital Management, and is intended to measure the sufficiency of capital in relation to the exposure to risks. The table above shows the composition of the Reference Equity and of the Risk Weighted Assets, according to the standards of Bacen. During the period, Bradesco has fulfilled all the minimum regulatory requirements.

### 31) EMPLOYEE BENEFITS

Bradesco and its subsidiaries sponsor a private defined contribution pension for employees and directors, that allows financial resources to be accumulated by participants throughout their careers by means of employee and employer contributions and invested in an Exclusive Investment Fund (FIE). The Plan is managed by Bradesco Vida e Previdência S.A. and BRAM – Bradesco Asset Management S.A. DTVM is responsible for the financial management of the FIEs funds.

The Supplementary Pension Plan counts on contributions from employees and administrators of Bradesco and its subsidiaries equivalent to at least 4% of the salary by employees and, 5% of the salary, plus the percentage allocated to covers of risk benefits (invalidity and death) by the company. Actuarial obligations of the defined contribution plan are fully covered by the plan assets of the corresponding FIE. In addition to the plan, in 2001, participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in that plan. For the active participants, retirees and pensioners of the defined benefit plan, now closed to new members, in extinction, the present value of the actuarial obligations of the plan is completely secured by collateral assets.

Banco Alvorada S.A. (successor from the spin-off of Banco Baneb S.A.) maintains defined contribution and defined benefit retirement plans, through Fundação Baneb de Seguridade Social - Bases (related to the former employees of Baneb).

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

Banco Bradesco's sponsors both defined benefit and defined contribution retirement plans, through Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão (Capof), especially to employees originating from Banco BEM S.A.

Bradesco sponsors a defined benefit plan through Caixa de Previdência Privada Bec - Cabec, exclusively for former employees of Banco do Estado do Ceará S.A., having requested the withdrawal of the sponsorship in March 2016, in course.

Expenses related to contributions, made in the first semester of 2016, totaled R\$244,098 thousand (R\$259,273 thousand in 2015).

In addition to this benefit, Bradesco and its subsidiaries offer other benefits to their employees and administrators, including health insurance, dental care, life and personal accident insurance, and professional training. These expenses, including the aforementioned contributions, totaled R\$1,473,087 thousand in the first semester of 2016 (R\$1,347,174 thousand in 2015).

**32) INCOME TAX AND SOCIAL CONTRIBUTION****a) Calculation of income tax and social contribution charges**

	Accrued on June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
<b>Income before income tax and social contribution</b>	<b>18,049,954</b>	<b>7,443,564</b>
Total burden of income tax and social contribution at the current rates (1)	(8,122,479)	(2,977,426)
<b>Effect on the tax calculation:</b>		
Earnings (losses) of affiliates and jointly controlled companies	(3,063,464)	3,686,042
Net non-deductible expenses of nontaxable income	427,654	17,812
Interest on shareholders' equity (paid and payable)	1,307,860	798,437
Other amounts (2)	(342,158)	(250,290)

<b>Income tax and social contribution for the period</b>	<b>(9,792,587)</b>	<b>1,274,575</b>
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(1) Current rates: (i) 25% for income tax; and (ii) of 15% for the social contribution to financial and equated companies, and of 20%, from September 2015 to December 2018, in accordance with Law No. 13,169/15; and (iii) of 9% for the other companies (Note 3h); and

(2) Basically, includes, (i) the exchange rate variation of assets and liabilities, derived from investments abroad; (ii) the equalization of the effective rate of social contribution in relation to the rate (45%) shown; and (iii) the deduction incentives.

**b) Breakdown of income tax and social contribution in the income statement**

	Accrued on June 30 - R\$ thousand	
	2016	2015
<b>Current taxes:</b>		
<b>Income tax and social contribution payable</b>	<b>(7,770,570)</b>	<b>(3,080,486)</b>
<b>Deferred taxes:</b>		
Amount recorded/realized in the period on temporary differences	465,169	4,794,917
<b>Use of opening balances of:</b>		
Social contribution loss	(1,182,580)	(227,245)
Income tax loss	(1,510,896)	(267,503)
<b>Constitution in the period on:</b>		
Social contribution loss	76,904	15,325
Income tax loss	129,386	39,567
<b>Total deferred taxes</b>	<b>(2,022,017)</b>	<b>4,355,061</b>
<b>Income tax and social contribution for the period</b>	<b>(9,792,587)</b>	<b>1,274,575</b>

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****c) Deferred income tax and social contribution**

	Balance on <b>12.31.2015</b>	Amount recorded (1)	Amount realized	Balance on <b>06.30.2016</b>	R\$ th Ba
Allowance for loan losses	23,450,323	4,312,929	3,479,095	24,284,157	18,9
Civil provisions	1,467,028	685,222	625,081	1,527,169	1,3
Tax provisions	2,004,229	249,941	28,167	2,226,003	1,8
Labor provisions	1,228,024	242,934	219,099	1,251,859	1,0
Provision for devaluation of securities and investments	89,830	7,818	17,687	79,961	
Provision for devaluation of foreclosed assets	379,176	96,908	62,377	413,707	2
Adjustment to fair value of trading securities	6,470,648	38,776	1,887,163	4,622,261	2,3
Amortization of goodwill	186,478	5,732	3,856	188,354	1
Provision for interest on own capital (1)	-	602,854	-	602,854	5
Other	2,911,921	1,432,224	902,354	3,441,791	2,2
<b>Total deductible taxes on temporary differences</b>	<b>38,187,657</b>	<b>7,675,338</b>	<b>7,224,879</b>	<b>38,638,116</b>	<b>28,4</b>
Income tax and social contribution losses in Brazil and overseas	5,847,494	206,290	2,695,125	3,358,659	3,9
<b>Subtotal (2) (3)</b>	<b>44,035,151</b>	<b>7,881,628</b>	<b>9,920,004</b>	<b>41,996,775</b>	<b>32,7</b>
Adjustment to fair value of available-for-sale securities (3)	2,235,348	373,765	1,018,897	1,590,216	8
Social contribution - Provisional Measure No. 2,158-35/01	106,097	-	72,334	33,763	1
<b>Total deferred tax assets (Note 9b)</b>	<b>46,376,596</b>	<b>8,255,393</b>	<b>11,011,235</b>	<b>43,620,754</b>	<b>33,7</b>
<b>Deferred tax liabilities (Note 32e)</b>	<b>2,153,562</b>	<b>466,695</b>	<b>165,584</b>	<b>2,454,673</b>	<b>2,2</b>
<b>Deferred tax assets, net of deferred tax liabilities</b>	<b>44,223,034</b>	<b>7,788,698</b>	<b>10,845,651</b>	<b>41,166,081</b>	<b>31,5</b>

(1) The tax credit on the interest on own capital is recognized up to the allowed tax limit;

(2) By being framed in the condition established by art, 1, subparagraph I of CMN Resolution No. 3,059/02, with amendments introduced by CMN Resolution No. 4,441/15, Banco Bradesco registered with the Bacen, an authorization request for maintenance of inventory and constitution of new tax credits; and

(3) Deferred tax assets from financial companies and similar companies, were established considering the increase in the social contribution rate, determined by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h).



**d) Expected realization of deferred tax assets on temporary differences, tax loss and negative basis of social contribution and deferred social contribution – Provisional Measure No. 2,158-35**

	Temporary differences		Income tax and social contribution losses		Social contribution -	Total
	Income tax	Social contribution	Income tax	Social contribution	Provisional Measure	
					No. 2,158-35	
						R\$ thousand
2016	5,405,763	3,652,607	435,321	504,534	33,763	10,031,988
2017	3,423,560	2,297,654	414,334	454,344	-	6,589,892
2018	3,567,633	2,434,958	193,179	235,365	-	6,431,135
2019	3,213,107	1,992,548	206,199	142,418	-	5,554,272
2020	3,005,559	1,654,187	81,445	56,559	-	4,797,750
After 2020	4,533,506	3,457,034	429,878	205,083	-	8,625,501
<b>Total</b>	<b>23,149,128</b>	<b>15,488,988</b>	<b>1,760,356</b>	<b>1,598,303</b>	<b>33,763</b>	<b>42,030,538</b>

The projected realization of deferred tax assets is an estimate and it is not directly related to the expected accounting income.

The present value of deferred tax assets, calculated based on the average funding interest rate, net of tax effects, amounts to R\$38,936,880 thousand (R\$30,457,815 thousand in 2015), of which R\$35,763,463 thousand (R\$26,756,228 thousand in 2015) relates to temporary differences, R\$3,139,987 thousand (R\$3,597,472 thousand in 2015) to tax losses and negative basis of social contribution and R\$33,430 thousand (R\$104,115 thousand in 2015) to deferred social contribution, Provisional Measure No. 2,158-35.

Bradesco \_\_\_\_\_

## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****e) Deferred tax liabilities**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Mark-to-market adjustment to securities and derivative financial instruments	334,783	230,994
Difference in depreciation	523,657	685,794
Judicial deposit and others	1,596,233	1,285,712
<b>Total</b>	<b>2,454,673</b>	<b>2,202,500</b>

The deferred tax liabilities of companies in the financial sector were established considering the increased social contribution rate, established by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h).

**33) OTHER INFORMATION**

**a)** The Organização manages investment funds and portfolios with net assets which, on June 30, 2016, amounted to R\$603,447,785 thousand (R\$514,728,562 thousand in 2015).

**b) Consortium funds**

	On June 30 - R\$ thousand	
	<b>2016</b>	<b>2015</b>
Monthly estimate of funds receivable from consortium members	511,283	459,481
Contributions payable by the group	24,199,299	22,078,126
Consortium members - assets to be included	21,577,943	19,805,945
Credits available to consortium members	4,719,394	4,468,878

	In units	
	<b>2016</b>	<b>2015</b>
Number of groups managed	3,551	3,537
Number of active consortium members	1,216,208	1,126,619

Number of assets to be included	557,071	531,429
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c) As part of the convergence process with international accounting standards, the Brazilian Accounting Pronouncements Committee (CPC) issued several accounting pronouncements, as well as their interpretations and guidelines, which are applicable to financial institutions only after approval by CMN. The accounting standards which have been approved by CMN include the following:

- Resolution No. 3,566/08 – Impairment of Assets (CPC 01);
- Resolution No. 3,604/08 – Statement of Cash Flows (CPC 03);
- Resolution No. 3,750/09 – Related Party Disclosures (CPC 05);
- Resolution No. 3,823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25);
- Resolution No. 3,973/11 – Subsequent Event (CPC 24);
- Resolution No. 3,989/11 – Share-based Payment (CPC 10);
- Resolution No. 4,007/11 – Accounting Policies, Changes in Estimates and Error Correction (CPC 23);
- Resolution No. 4,144/12 – Conceptual Framework for Preparing and Presenting Financial Statements; and
- Resolution No. 4,424/15 – Employee Benefits (CPC 33).

Presently, it is not possible to estimate when the CMN will approve the other CPC pronouncements or if they will be applied prospectively or retrospectively.

June 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

**d)** In the first semester of 2016, Bacen changed the value of the deduction allowed on the reserve requirement collection on resources in savings deposits, according to the following table:

<b>Description</b>	<b>Previous Rule</b>	<b>Current Rule</b>
Resources from savings deposits	Deduction of R\$200 million based on the calculation of the Savings Reserve Requirement until June 24, 2016 for Financial Institutions with Reference Assets (PR, in Portuguese), Level I, of less than R\$5 billion.	Extending the deduction of R\$200 million until December 30, 2016 and the deduction changed to R\$100 million from January 2, 2017 to December 29, 2017 for Financial Institutions with Reference Assets (PR), Level I, of less than R\$5 billion.

**e)** In January 2016, Bradesco signed a non-binding Memorandum of Understanding with Banco do Brasil S.A., Banco Santander (Brasil) S.A., Caixa Econômica Federal and Itaú Unibanco S.A., in order to create a holding company of credit intelligence ("GIC"), which will develop a database with the goal of adding, reconciling and handling database and credit-related information, of individuals and legal entities, which expressly authorize their inclusion in the database, as required by the applicable rules.

**f)** In July, 2016, Bradesco announced to the market the completion of the acquisition of 100% of the equity of HSBC Bank Brasil S.A. - Banco Múltiplo and HSBC Serviços e Participações Ltda. (together, known as "HSBC Brasil"), was completed and the total amount paid to HSBC Latin America Holdings Limited was of R\$16.0 billion. This value is subject to adjustment post-closing based on the balance sheet of HSBC Brasil (IFRS based).

**g)** Bradesco is aware of the publication of news about certain North American law firms, who are looking for plaintiffs for a possible class action for damages allegedly suffered by investors, by virtue of an alleged violation of the American law of capital markets. It is worth noting that, until the date of disclosure of these financial statements, it was not possible to neither measure the amounts involved nor indicate whether this case was assessed as a remote, possible and likely risk, since we have not yet been notified officially and we have not had access to the complete proceedings.

**h)** There were no subsequent events that need to be adjusted or disclosed in the individual financial statements as of June 30, 2016.

Marcos Aparecido Galende  
Accountant - CRC 1SP201309/O-6

Bradesco \_\_\_\_\_

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Report of Independent Auditors on the Consolidated Financial Statements of the Prudential Conglomerate**

To

The Board of Directors and Management

Banco Bradesco S.A.

Osasco – SP

We have audited the accompanying Prudential Conglomerate consolidated financial statements of Banco Bradesco S.A. ("Bradesco"), which comprise the consolidated statement of financial position of the Prudential Conglomerate as at June 30, 2016, and the respective income statement, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory information. These special purpose financial statements have been prepared by Bradesco's management as required by Resolution nº 4,280, dated October 31, 2013, of the National Monetary Council (CMN) and supplementary regulations of the Central Bank of Brazil (BACEN), described in the note nº 2 to the financial statements.

**Management's Responsibility for the Financial Statements**

Bradesco's Management is responsible for the preparation and fair presentation of these Prudential Conglomerate consolidated financial statements in accordance with the Resolution nº 4,280/13 of CMN, and supplementary regulations of BACEN, which main criteria and accounting practices are described in note nº 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the Prudential Conglomerate consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Prudential Conglomerate consolidated financial statements prepared by Bradesco's Management in accordance with the Resolution nº 4,280/13, of CMN, and supplementary regulations of BACEN, based on our audit in accordance with Brazilian and

International Standards on Auditing, taking into account the NBC TA 800 (ISA 800) - "Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks".

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Prudential Conglomerate consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bradesco's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the Prudential Conglomerate consolidated financial statements of Bradesco referred to above, present fairly, in all material respects, the financial position of Bradesco's Prudential Conglomerate consolidated financial statements as at June 30, 2016, the financial performance of its operations and its cash flows for the six-month period then ended in accordance with the provisions for preparation of the Prudential Conglomerate consolidated financial statements pursuant to the Resolution nº 4,280/13, of CMN, and supplementary regulations of BACEN for the preparation of these consolidated financial statements prepared for special purpose, as described in note nº 2 to the financial statements.

June 2016

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Report of Independent Auditors on the Consolidated Financial Statements of the Prudential Conglomerate**

**Emphasis**

**Basis of preparation of the Prudential Conglomerate consolidated financial statements**

Without modifying our opinion, we draw attention to note nº 2 to the financial statements that disclose that the Prudential Conglomerate consolidated financial statements of Bradesco were prepared by Bradesco's management to meet the requirements of Resolution nº 4,280/13, of CMN, and supplementary regulations of BACEN. Consequently, our report on these consolidated financial statements has been prepared solely for meeting these specific requirements and thus may not be appropriate for other purposes.

**Other Matter**

Bradesco has prepared a separate set of financial statements for general purposes for the six-month period ended June 30, 2016, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, on which we issued an unqualified auditor's report on July 27, 2016.

Osasco, August 29, 2016.



KPMG Auditores Independentes

CRC 2SP028567/O-1 F-SP

Rodrigo de Mattos Lia

Contador CRC 1SP252418/O-3

Bradesco \_\_\_\_\_

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 30, 2016

BANCO BRADESCO S.A.

By:

/S/ Luiz Carlos Angelotti

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**Luiz Carlos Angelotti**  
**Executive Managing Officer and**  
**Investor Relations Officer**

## FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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